

**INTERIM REPORT
FOR THE THREE MONTHS
ENDED 31 MARCH 2015**

Limassol, May 7th, 2015

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

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 31 March 2015. The financial statements appended to this quarterly report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

Currency Presentation

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

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

FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements relating to our business, financial condition and results of operations. You can find many of these statements by looking for words such as "may", "will", "expect", "anticipate", "believe", "estimate" and similar words used in this quarterly report. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution you not to place undue reliance on such statements, which speak only as of the date of this quarterly report.

The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this quarterly report.

Part I Additional information

1. Overview

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

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

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through three master distribution centres (located in the Czech Republic, the United Arab Emirates and China), our network of 31 warehouses located in 24 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 75 countries.

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

2. Executive summary for the three month period ended 31 March 2015

The principal events of the three months ended 31 March 2015 were as follows:

- Revenues in Q1 2015 decreased by 17.69% to U.S. \$ 281,809 from U.S. \$ 342,390 in the corresponding period of 2014. The main reasons behind this decrease was the very unfavorable market conditions faced by the Company during Q1 2015 and fierce competition on the own brand business.
- Gross profit in Q1 2015 has decreased by 69.03% to U.S. \$ 6,886 from U.S. \$ 22,236 in the corresponding period of 2014. This significant decrease was a result of multiple reasons with the most important being the lower sales in the main markets, the clearing of inventories at lower prices and fierce competition which led to lower gross margins.
- Gross profit margin in Q1 2015 has decreased by 62.37% to 2.44% from 6.49% in the corresponding period of 2014. This is due to weak market demand and fierce competition faced by own brands.
- Selling expenses in Q1 2015 have decreased by 12.60% to U.S. \$ 9,940 from U.S. \$ 11,373 in the corresponding period of 2014. This decrease is connected with lower sales and gross profit and cost-cutting actions, partially offset with increased bad debt provisions and termination costs.
- Administrative expenses in Q1 2015 have decreased by 29.64% to U.S. \$ 5,555 from U.S. \$ 7,895 in the corresponding period of 2014, mostly due to continued cost cutting actions.
- Financial expenses in Q1 2015 have decreased by 37.59% to U.S.\$ 4,038 from U.S.\$ 6,469 in the corresponding period of 2014. This is mainly related to a decrease in financing lines utilization.
- EBITDA in Q1 2015 was negative and amounted to U.S. \$ 7,980 in comparison to a positive number of U.S. \$ 3,747 in the corresponding period of 2014.

- As a result, in Q1 2015 the Company has generated a net loss after taxation of U.S. \$ 12,404, in comparison to a net loss after taxation of U.S. \$ 3,387 in the corresponding period of 2014.

The reported net loss after tax arises from a number of factors including lower gross profit margins (from old stock sell-out and increased warranty cost) and increased bad debt provisions. Another piece is loss from operations due to weakness of the markets. The Company does not expect all these factors to happen together again in the near future, and thus expect improved results in the next quarters of 2015, especially in Q3 and Q4.

The following table presents revenues breakdown by regions for Q1 2015 and Q1 2014 (in U.S.\$ thousand):

Region	Q1 2015	Q1 2014	Change (%)
Central and Eastern Europe	129,524	145,920	-11.24%
Former Soviet Union	80,505	122,356	-34.20%
Middle East and Africa	41,888	48,140	-12.99%
Western Europe	15,106	18,658	-19.04%
Other	14,785	7,316	+102.08%
Grand Total	281,809	342,390	-17.69%

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 months ended March 31st, 2015 and 2014, have been converted into Euro and PLN as follows:

- Individual items on the balance sheet – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet date December 31st, 2014, that is: 1 US\$ = 3.5072 PLN and 1 EUR = 4.2623 PLN and March 31st, 2015, that is: 1 US\$ = 3.8125 PLN and 1 EUR = 4.0890 PLN
- Individual items on the income statement and cash flow statement – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period January 1st to March 31st, 2015, that is 1 US\$ = 3.7436 PLN and 1 EUR = 4.1489 and January 1st to March 31st, 2014, that is 1 US\$ = 3.0629 PLN and 1 EUR = 4.1894 PLN.

	Period from 1 January to 31 March 2015			Period from 1 January to 31 March 2014		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	281,809	1,054,979	254,279	342,390	1,048,707	250,324
Cost of sales	(274,923)	(1,029,200)	(248,066)	(320,154)	(980,600)	(234,067)
Gross profit	6,886	25,779	6,214	22,236	68,107	16,257
Selling expenses	(9,940)	(37,210)	(8,969)	(11,373)	(34,835)	(8,315)
Administrative expenses	(5,555)	(20,795)	(5,012)	(7,895)	(24,182)	(5,772)
Profit from operations	(8,608)	(32,226)	(7,767)	2,968	9,091	2,170
Financial expenses	(4,038)	(15,115)	(3,643)	(6,469)	(19,814)	(4,730)
Financial income	106	398	96	102	311	74
Other gains and losses	41	154	37	49	151	36
Profit before taxation	(12,498)	(46,789)	(11,278)	(3,350)	(10,262)	(2,449)
Taxation	95	355	86	(37)	(113)	(27)
Profit after taxation	(12,404)	(46,434)	(11,192)	(3,387)	(10,374)	(2,476)
Attributable to:						
Non-controlling interests	(1)	(4)	(1)	5	16	4
Owners of the Company	(12,403)	(46,430)	(11,191)	(3,392)	(10,391)	(2,480)
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	-22.35	-83.66	-20.16	-6.11	-18.72	-4.47

	Period from 1 January to 31 March 2015			Period from 1 January to 31 March 2014		
	USD	PLN	EUR	USD	PLN	EUR
Net cash outflows from operating activities	(54,821)	(205,229)	(49,466)	(63,586)	(194,758)	(46,488)
Net cash outflows from investing activities	(1,340)	(5,018)	(1,210)	(597)	(1,828)	(436)
Net cash (outflows)/inflows from financing activities	(2,754)	(10,309)	(2,485)	19,820	60,707	14,491
Net decrease in cash and cash equivalents	(58,916)	(220,556)	(53,160)	(44,363)	(135,879)	(32,434)
Cash at the beginning of the period	29,416	110,123	26,543	490	1,501	358
Cash at the end of the period	(29,499)	(110,434)	(26,618)	(43,873)	(134,378)	(32,076)

	As at 31 March 2015			As at 31 December 2014		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	349,407	1,332,115	325,780	464,706	1,629,817	382,380
Non-current assets	27,577	105,138	25,713	28,454	99,795	23,413
Total assets	376,984	1,437,253	351,493	493,160	1,729,611	405,793
Liabilities	288,881	1,101,359	269,347	389,522	1,366,130	320,515
Equity	88,103	335,894	82,146	103,639	363,481	85,278

4. Organization of ASBIS Group

The following table presents our corporate structure as at March 31st, 2015:

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

5. Changes in the structure of the Company

During the three months ended March 31st, 2015 there was only one change in the structure of the Company and the Group: process of liquidation of ASBIS Taiwan (Taipei City, Taiwan) was completed.

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

We have not published any forecasts for the three month period ended March 31st, 2015.

7. Information on dividend payment

For the three month period ended March 31st, 2015 no dividend was paid.

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

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

Name	Number of shares	% of share capital	Number of votes	% of votes
KS Holdings Ltd	22,676,361	40.86%	22,676,361	40.86%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. Quercus Parasolowy SFIO and Quercus Absolutnego Zwrotu FIZ)*	3,274,931	5.90%	3,274,931	5.90%
ING OFE	2,872,954	5.18%	2,872,954	5.18%

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

In the three months period ended on March 31st, 2015 the Company has not received any information about changes in its shareholders structure.

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

During the three month period ended on 31 March 2015 as well as for the period between March 26th, 2015 (the date of the publication of the Annual Report for 2014) and May 7th, 2015 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

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

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly)	22,718,127	40.93%
Marios Christou	268,000	0.48%
Constantinos Tziamalis	55,000	0.10%
Efstathios Papadakis	0	0%
Chris Pavlou	0	0%

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

10. Changes in the members of managing bodies

During the three month period ended March 31st, 2015 there were no changes in the members of the Company's Board of Directors.

11. Significant administrative and court proceedings against the Company

As of March 31st, 2015, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

12. Related Party Transactions

During the three months ended March 31st, 2015 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 decreased corporate guarantees from U.S.\$ 177,663 at December 31st, 2014 to U.S.\$ 146,591 at March 31st, 2015, representing more than 10% of the Company's equity. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at March 31st 2015 was U.S. \$ 11,251 – 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 three month period ended March 31st, 2015, the Company's results of operations have been adversely affected and are expected to continue to be affected by a number of factors. These factors were: the Ukrainian crisis seriously affecting both Ukraine and Russia, currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosions, the worldwide unstable financial environment, seasonality, development of own brands business, warranty claims from own brand products and increased cost of debt.

Similarly to previous quarters, the most important factor affecting our business was the turbulence in both Russia and Ukraine, resulting in lower revenues from these countries. Therefore, the Company continued enforcing its strategy to focus in markets outside the FSU, i.e., in the CEE and WE regions.

However, both revenues and gross profit were lower in Q1 2015 compared to Q1 2014. Revenues decreased mostly due to much lower demand (partly driven by the weakening Euro to U.S. Dollar) in all markets we operate. Independent market analysts have declared that smartphone shipments (of all vendors) from China have been decreased by 30% during Q1 2015.

Other major reasons for the situation in Q1 included warranty losses and the sell-out of excess stocks that led to significant losses for the Company.

Despite the decrease in gross profit caused mainly by one-off factors, the Company continued its cost cutting actions. As a result selling and admin expenses were further significantly reduced, despite the one-off payment of \$ 488 for employee terminations. More savings are expected in the next quarters of 2015.

Although the FX environment was volatile, especially when it comes to RUB, EUR against the USD, our FX hedging was successful and shielded us from any FX losses.

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

The Ukraine crisis affecting both Russia and Ukraine, two of our major markets and our gross profit and gross profit margin

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

However, weakness of these markets has also affected some of our customers. As a result, one of them was not able to repay its liabilities to us and we had to book a bad debt provision of U.S.\$ 1.3 million.

Additionally, demand in Q4 2014 was much slower than we expected and prepared for. As a result, we have entered 2015 with unsold stock and had to address it at much lower prices in Q1 2015. This negatively affected our gross profit and gross profit margin. Especially in Ukraine it became almost impossible to conduct business due to a very weak market demand and the foreign exchange restrictions imposed by the central bank.

Currency fluctuations

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

Competition and price pressure

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

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

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

This was also visible in the tablet and smartphone segments where we have experienced the entrance of a number of strong competitors. This has led into a lower gross profit margin, especially in the tablet segment.

Over-estimation of demand by most suppliers has resulted in an over-stock situation. Market prices have been dropped to get rid of such excessive stocks, resulting in losses.

Low gross profit margins

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

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

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

Even when a particular market segment is saturating, the Company may still increase its sales, because of market share gained at a cost of competitors.

As forecasted in our Interim Report for Q4 2014, due to both, strong new market entrants and weak seasonality observed in Q4 2014 that left the Company with some excess stock, our gross profit margin has decreased in Q1 2015. We expect growth in the second half of the year.

Inventory obsolescence and price erosion

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

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

For the own brands business division, the Company needs to balance between satisfying consumer demand and risk of inventory obsolescence or price erosion, by having the proper level of inventory. This risk was faced in Q1 2015, when we had to sell old stock from Q4 2014 at lower prices in order not to be left with obsolete inventories.

Credit risk

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 90 days or, in a few cases, to 120 days. The Company's payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases where the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company's profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to a financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 61 percent of its revenue.

Due to the recent market developments following the credit crisis that affected all countries the Group operates in, credit risk has become one of the most important factors that might affect the Group's results in the future. Despite the fact that the Group has managed to credit insure a large portion of its receivables, credit insurance companies are nowadays more risk averse and do not easily grant credit limits to customers. As a result, the Group is exposed to increased credit risk and its ability to analyse and assess its credit risk is of extremely high importance.

In Q1 2015 we had to book U.S.\$ 1,3 million bad debt provision for one of our long standing reseller in Russia. This was a result of the market conditions since the customer lost significant amounts from his customers.

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 profitability. The revised strategy and adaptation to the new environment, i.e. by rebuilding our product portfolio, has paid off in terms of increased market share and sales.

However, there are many uncertainties about the world economy and especially the Euro-zone, followed by volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets, as was the case of Ukraine and

Russia in 2014, continuing to-date, which has led to a significant instability in these countries' financial environment.

Seasonality

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

Development of own brand business

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

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

Despite the Company's efforts, there can be no assurance of a similar development pace in own brand business in future periods. This is because there may be a significant change in market trends, customer preferences or technology changes that may affect the development of own brand business and therefore its results.

Therefore, we expect a decrease in revenues from own brands in 2015 and we focus on a lower number and more profitable models.

Warranty claims from own brand products

Increased own brands business require us to put extra efforts to avoid any problems with quality of devices. Despite all our efforts, we have noticed significant returns on specific models produced the last two years.

This risk has affected us in Q1 2015 when we had to provide for losses due to the decline of certain ODMs to satisfy their contractual obligations on products with epidemic failure. Unfortunately, these factories refused to do so and we were forced to re-assess our provisions for returns and recognize about U.S.\$ 3.7 million loss. The Group is undertaking all possible steps towards ensuring proper compensation. This includes both negotiations and legal actions.

In order to avoid such problems in the future, a much more scrutinized selection of suppliers is currently in place.

Increased cost of debt

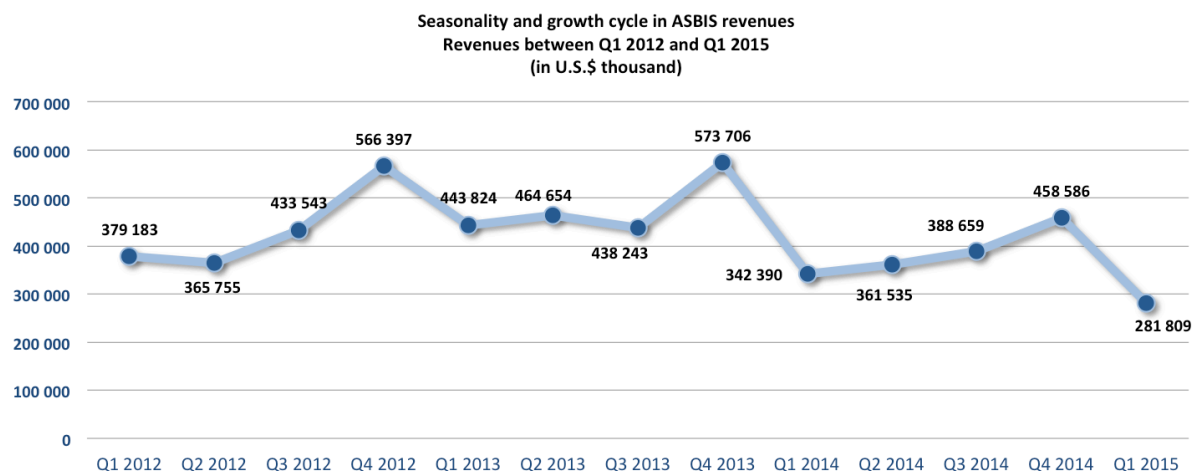
Increased private label business implies a much higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however in certain cases the cost of this financing is expensive. The Company has already negotiated better terms with some of its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

Despite that, steps undertaken by the Company allowed to decrease its financial expenses in Q1 2015 by 37.59% to U.S.\$ 4,038 from U.S.\$ 6,469 in the corresponding period of 2014. This is mainly related to FX losses in Q1 2014 and decreased financing lines utilization in Q1 2015.

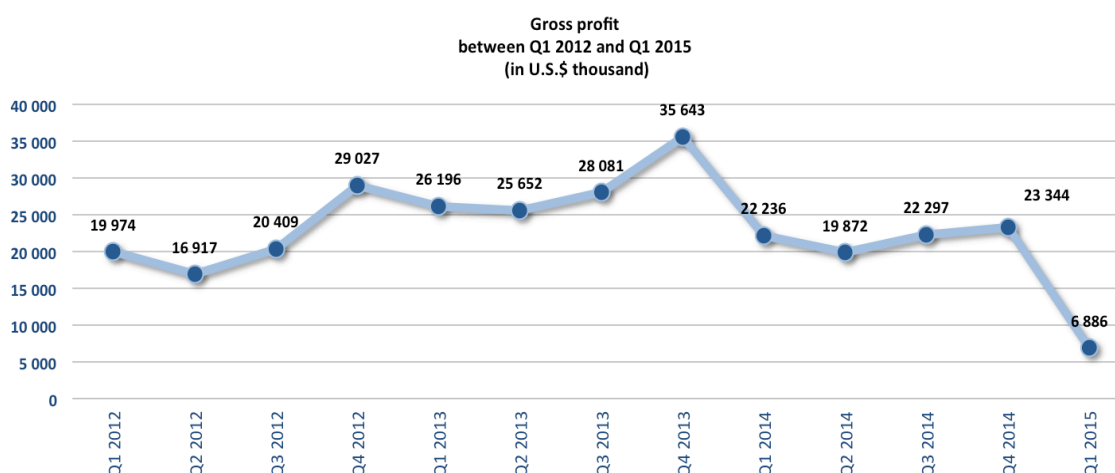
Results of Operations

Three month period ended 31 March 2015 compared to the three month period ended 31 March 2014

- **Revenues:** In Q1 2015 revenues decreased by 17.69% to U.S. \$ 281,809 from U.S. \$ 342,390 in the corresponding period of 2014. Also, the weakening Euro to U.S. Dollar has driven prices up and sales have decreased.

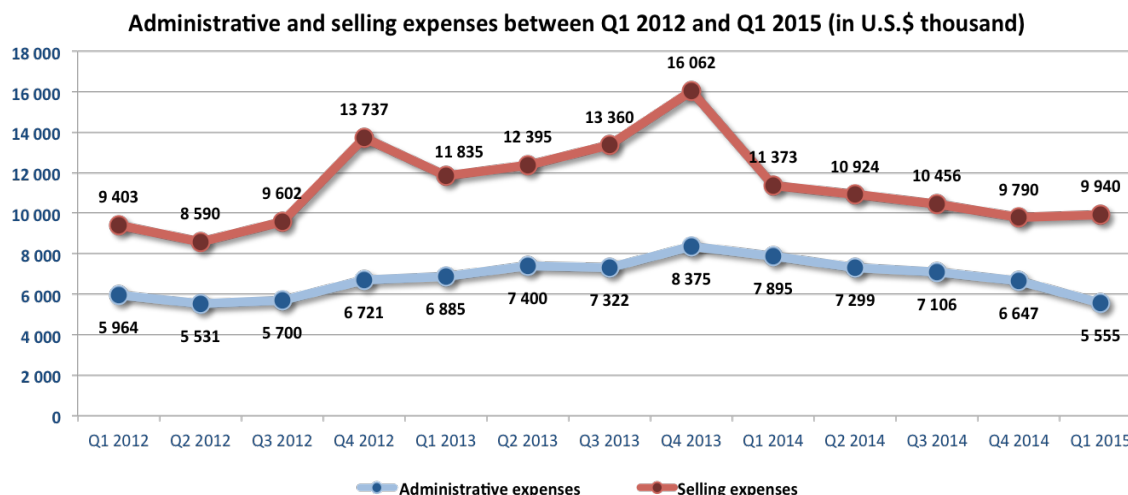


- **Gross profit:** In Q1 2015 gross profit has decreased by 69.03% to U.S. \$ 6,886 from U.S. \$ 22,236 in the corresponding period of 2014.



- **Gross profit margin:** Despite positive changes in our product portfolio, the extraordinary factors that affected gross profit resulted in a decrease in gross profit margin in Q1 2015. Gross profit margin in Q1 2015 has decreased by 62.37% to 2.44% from 6.49% in the corresponding period of 2014.
- **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 Q1 2015 have decreased by 12.60% to U.S. \$ 9,940 from U.S. \$ 11,373 in the corresponding period of 2014. This decrease is connected with lower sales and gross profit, and with our cost cutting actions. Further decrease of selling expenses in relation to revenue and gross profit is expected later in 2015.
- **Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense. They have decreased in Q1 2015 due to continuation of our cost cutting actions. A further decrease is expected later in 2015.

Administrative expenses in Q1 2015 have decreased by 29.64% to U.S. \$ 5,555 from U.S. \$ 7,895 in the corresponding period of 2014.



- **Financial expenses** in Q1 2015 have decreased by 37.59% to U.S.\$ 4,038 from U.S.\$ 6,469 in the corresponding period of 2014.
- **Operating profit:** In Q1 2015 we had an operating loss of U.S. \$ 8,608, compared to operating profit U.S. \$ 2,968 in the corresponding period of 2014.
- **EBITDA:** In Q1 2015 was negative and amounted to U.S. \$ 7,980 in comparison to a positive number of U.S. \$ 3,747 in the corresponding period of 2014.
- **Net profit:** As a result of lower revenues and gross profit, that were only partially offset by decreased admin, selling and financial expenses, in Q1 2015 the Company has generated a net loss after taxation of U.S. \$ 12,404, in comparison to a net loss after taxation of U.S. \$ 3,387 in the corresponding period of 2014.

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 Q1 2015. However, due to the political tensions related to Russia and Ukraine spreading to nearby markets, the CEE region contribution in total revenues continued to prevail in total revenues, similar to 2014.

Revenues derived from the F.S.U. region in Q1 2015 decreased by 34.20% due to the crisis in Ukraine that also affected Russia. Additionally, the difference has arisen from a strong January 2014.

Sales in the Central and Eastern Europe region in Q1 2015 have decreased by 11.24%, as a result of lower demand, since a lot of retailers had excess inventories and postponed new orders.

Sales in Western Europe decreased by 19.04% in Q1 2015 as compared to Q1 2014 for the same reasons as sales in other regions.

As a result of the abovementioned facts, the contribution of the F.S.U. region in total sales continued to decrease in Q1 2015, while the contribution of CEE has grown. This is expected to make the Company's business more stable in the future, due to lower dependence from the F.S.U. region. Therefore, the Company intends to continue further supporting this trend in the future.

Country-by-country analysis confirms that the major decrease in sales was noted in the markets directly affected by the political crisis in Ukraine. Similarly to 2014, the decrease in Ukraine and Russia was the most dramatic. Revenues in Czech Republic and Bulgaria decreased as well, due to lower sales of own brands and limited trading in third party smartphones. In the same time, our revenues in other CEE countries grew, with the most significant improvement noted in Poland. Additionally, our sales in Slovakia grew based on our rich portfolio of products, this country became our market no. 1 in revenues in Q1 2015. We have also benefited from our operations in Kazakhstan, which grew significantly on the back of growing the iPhone business. This is expected to continue, especially since we are in position to develop this cooperation in eight other countries of CIS.

The table below provides a geographical breakdown of sales in the three month periods ended March 31st, 2015 and 2014.

	Q1 2015		Q1 2014	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Central and Eastern Europe	129,524	45.96%	145,920	42.62%
Former Soviet Union	80,505	28.57%	122,356	35.74%
Middle East and Africa	41,888	14.86%	48,140	14.06%
Western Europe	15,106	5.36%	18,658	5.45%
Other	14,785	5.25%	7,316	2.14%
Total	281,809	100%	342,390	100%

Top 10 countries by performance in Q1 2015 (in U.S. Dollar thousand)

Country	Sales performance			
	Q1 2015	Q1 2014	Change USD	Change %
Kazakhstan	32,852	12,016	20,836	+173.41%
Poland	29,400	17,000	12,401	+72.95%
United Arab Emirates	33,257	29,376	3,881	+13.21%
Slovakia	49,962	46,339	3,623	+7.82%
Romania	11,058	11,175	(117)	-1.05%
Czech Republic	11,786	19,845	(8,059)	-40.61%
Russia	33,569	73,381	(39,812)	-54.25%
Belarus	5,651	14,364	(8,713)	-60.66%
Bulgaria	6,617	19,353	(12,736)	-65.81%
Ukraine	6,799	21,980	(15,180)	-69.07%

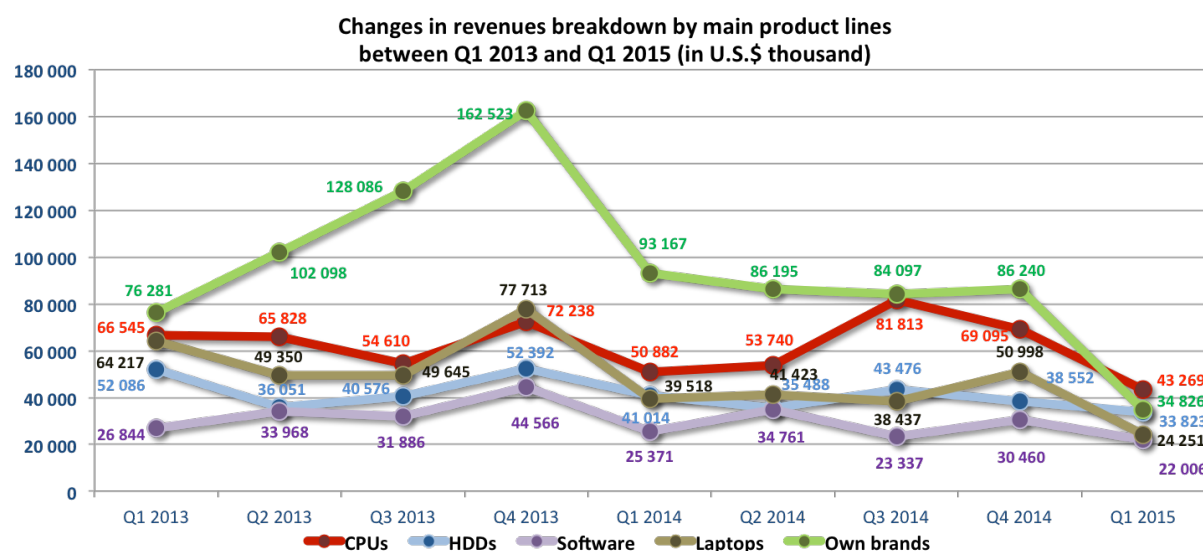
Sales by product lines

Starting from February 2014 our revenues were under a serious pressure from the turbulence in Ukraine that affected a number of countries across our operations. This has not changed in Q1 2015 and affected revenues in all product lines the Group carries.

It is important to understand, that the decrease in revenues relate to market conditions, not to the product lines we carry. All product lines suffer from weak market demand.

We continue our efforts to weather this crisis and increase revenues as fast as possible, mainly through addressing our products more aggressively and by focusing on specific product groups. This is possible because ASBIS remains the distributor of first choice for many worldwide suppliers. A major and good example is APPLE that has entrusted a distributorship to ASBIS for Ukraine and Kazakhstan for iPhones as well. This already paid off in terms of increased revenues and profits in Kazakhstan in Q1 2015.

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

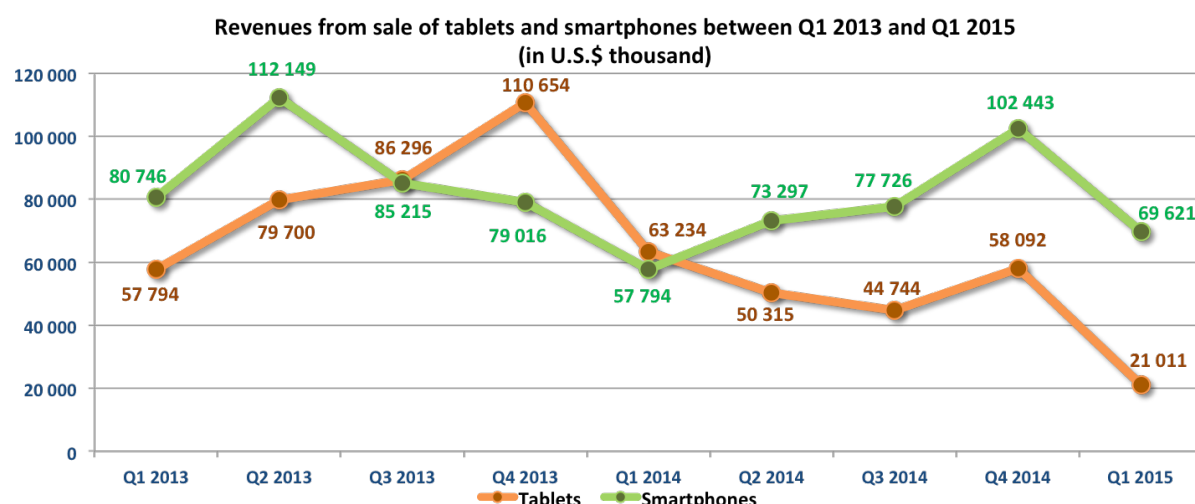


Revenues from own brand business decreased in Q1 2015 compared to Q1 2014 by 62.62% and the share of own brand business in total revenues in Q1 2015 decreased to 12.36% from 27.21% in Q1 2014.

From smaller product lines, the Company noticed a positive trend in peripherals and servers and server blocks that grew by 20.28% and by 37.71% in Q1 2015 respectively. The share of the four traditional product lines (CPUs, HDDs, laptops and software) in total revenue remained stable and amounted to 43.77% in Q1 2015, compared to 45.79% in Q1 2014.

Revenues from smartphones increased significantly by 34.11% in Q1 2015 compared to Q1 2014. We intend to further develop smartphones sales, both own brands and third party. The increase in Q1 mostly relates to the iPhone distribution in Kazakhstan and other territories.

Revenues from tablets have decreased by 66.77% in Q1 2015 compared to Q1 2014. This is connected with lower business in Ukraine and Russia, marginal growth noted in this market segment in other territories due to saturation, stronger competition and our decision to focus on less models with better margins. Additionally a significant decrease of the Average Selling Price (ASP) of tablets continues.



The table below sets a breakdown of revenues, by product lines, for Q1 2015 and Q1 2014:

	Q1 2015		Q1 2014	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	69,621	24.70%	51,915	15.16%
Central processing units (CPUs)	43,269	15.35%	50,882	14.86%
Hard disk drives (HDDs)	33,823	12.00%	41,014	11.98%
PC-mobile (laptops)	24,251	8.61%	39,518	11.54%
Software	22,006	7.81%	25,371	7.41%
Tablets	21,011	7.46%	63,234	18.47%
Other	67,827	24.07%	70,456	20.58%
Total revenue	281,809	100%	342,390	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 three months ended March 31st, 2015 and 2014:

	Three months ended March 31 st	
	2015	2014
	U.S. \$	
Net cash outflows from operating activities	(54,821)	(63,586)
Net cash outflows from investing activities	(1,340)	(597)
Net cash (outflows)/inflows from financing activities	(2,754)	19,820
Net decrease in cash and cash equivalents	(58,916)	(44,363)

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. \$ 54,821 for the three months ended March 31st, 2015, compared to outflows of U.S. \$ 63,586 in the corresponding period of 2014. This is attributed to lower profitability and improved working capital management. The Company expects cash from operations to turn positive for 2015, as in the case of 2014.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. \$ 1,340 for the three months ended March 31st, 2015, compared to U.S. \$ 597 in the corresponding period of 2014. These outflows relate to on-going investments for fixed assets (such as computers, furniture etc.) and acquisition of an intangible asset.

Net cash outflows from financing activities

Net cash outflows from financing activities was U.S. \$ 2,754 for the three months ended March 31st, 2015, compared to inflows of U.S.\$ 19,820 for the corresponding period of 2014. This primarily relates to the repayment of some financing lines to decrease financial expenses.

Net decrease in cash and cash equivalents

As a result of a decreased working capital utilization, lower profitability and decreased financing, cash and cash equivalents have decreased by U.S. \$ 58,916, compared to a decrease of U.S. \$ 44,363 in the corresponding period of 2014.

16. Factors which may affect our results in the future

Political and economic stability in Europe and our regions, especially Ukraine and Russia

The turbulence that started in Ukraine and also affected Russia has caused a significant demand reduction. This has affected revenues and gross profit margins of ours, but also negatively impacted some of our customers, whose financial situation has worsened.

Furthermore, recent negative developments in CEE economies do not allow the Company to offset the negative results of F.S.U.

The crisis in the F.S.U. is considered by the management as a crucial external factor, which might adversely affect our results, in the short term; however, we remain confident – given also a recent appreciation of the Russian ruble to U.S. Dollar and an increase in oil prices - that we are 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 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 the CEE and Western Europe regions' contribution to our total revenues grew at the cost of the F.S.U. region, our reliance on a single region has decreased. Therefore, we now pay more attention to any possible market developments in all other growing regions, focusing especially on own brands.

However, due to the significant reduction in demand across all markets we operate, development cannot happen since we are focusing on retaining our market share based on our core strengths and competences.

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. Therefore it is of extreme importance for the Company to prepare its structure to offset such a situation with higher sales in other markets. This means both a constant upgrade of the product portfolio and close relations with customers to win more market share from weaker competitors and weather any unforeseen issues that may appear in the future.

The Group's ability to increase gross profit margins

The Group's gross profit margin has decreased in Q1 2015 compared to the corresponding period of 2014, mainly as a result of the turbulence in Russia and Ukraine that affected us in a number of ways. First, we have left with excessive stock after Q4 2014, and had to sell it out at much lower prices in Q1 2015. This cost us about U.S.\$ 3.3 million. Second, the turbulence in Russia weakened the financial position of some of our customers. This has resulted in extra provisions for bad debts of U.S.\$ 1.5 million in Q1 2015. Additionally, our margins were affected by warranty cost amounting to U.S.\$ 3.7 million. We do not expect these factors to continue in the same pace and are confident that the second half of the year will significantly improve.

As a result, we consider decreased Q1 2015 gross profit margins as exceptional event, and expect the gross profit margin to grow from Q2 2015. However, the pace of this growth is hard to estimate, as the margins may remain under pressure due to enhanced competition as well as lower demand in a number of markets. It is of extreme importance for the Group to manage its stock level and product portfolio in order to achieve optimum gross profit margins.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Although volatility of a number of currencies related to the Ukrainian crisis in Q1 2015 was strong, we have been successfully shielded by our hedging policy. Therefore, the hedging strategy should be followed and further improved without any exception in 2015. Inability of the Group to hedge certain currencies like the UAH and the BYR might expose the Company into FX losses.

Ability of the Group to control its expenses

Selling and admin expenses in Q1 2015 have decreased significantly as a result of both lower gross profit and cost cutting actions. Additionally, we have been able to significantly decrease financial expenses. We consider cost control to be a significant factor towards delivering improved results going forward and the Group is undertaking significant steps towards further reducing its expenses. Therefore, expenses are expected to be further reduced later in 2015.

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 will be crucial for further growth of revenues, since the tablet segment has already shown signs of saturation in many markets. At the same time, the smartphones segment is expected to continue growing for another couple of years, as forecasted by independent analysts.

Ability to decrease the average cost of debt

Fast development of own brand business that – by its nature – consumes more cash, has led to an increase in debt and in the average cost of debt in the past. We have addressed this issue beginning of 2014, in order to decrease debt and the average cost of debt by optimizing the utilization of financial facilities on one side and improving working capital utilization on the other.

Ability to cover warranty claims from customers

Increased own brands business require us to be very careful with customer satisfaction when it comes to after sales services relating mostly to the quality of our products. Since we do not manufacture the devices ourselves, we have built warranty provisions and signed separate agreements with our suppliers to cover us against warranty losses of such products. As described in our risk factors, certain suppliers might refuse to cover our increased warranty cost and, in such a case, we will be forced to cover it from our own funds and negatively impact our results.

We have reviewed all our contracts with factories, and we sign new ones only after making sure the contractor will be able and willing to pay any contractual penalties that may arise. This is an important part of our cooperation with third party factories, to make sure the warranty risk is mitigated.

17. Information about important events that occurred after the period ended on March 31st, 2015 and before this report release

According to our best knowledge, in the period between March 31st, 2015 and May 7th, 2015 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 March 31st, 2015

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ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2015

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2015

		For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
	Note		
Revenue	5,24	281,808,754	342,390,173
Cost of sales		<u>(274,922,611)</u>	<u>(320,154,107)</u>
Gross profit		6,886,143	22,236,066
Selling expenses		<u>(9,939,628)</u>	<u>(11,373,129)</u>
Administrative expenses		<u>(5,554,844)</u>	<u>(7,894,959)</u>
(Loss)/profit from operations		(8,608,329)	2,967,978
Financial income	8	106,200	101,575
Financial expenses	8	<u>(4,037,484)</u>	<u>(6,468,961)</u>
Other gains and losses	6	<u>41,193</u>	<u>49,133</u>
Loss before tax	7	(12,498,420)	(3,350,275)
Taxation	9	<u>94,919</u>	<u>(36,746)</u>
Loss for the period		<u>(12,403,501)</u>	<u>(3,387,021)</u>
Attributable to:			
Owners of the company		(12,402,541)	(3,392,365)
Non-controlling interests		<u>(960)</u>	<u>5,344</u>
		<u>(12,403,501)</u>	<u>(3,387,021)</u>
		US\$ cents	US\$ cents
Earnings per share			
Basic and diluted from continuing operations		<u>(22.35)</u>	<u>(6.11)</u>

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Loss for the period	<u>(12,403,501)</u>	<u>(3,387,021)</u>
Other comprehensive loss		
Exchange difference on translating foreign operations	<u>(3,113,683)</u>	<u>(821,100)</u>
Other comprehensive loss for the period	<u>(3,113,683)</u>	<u>(821,100)</u>
Total comprehensive income loss for the period	<u>(15,517,184)</u>	<u>(4,208,121)</u>
Total comprehensive loss attributable to:		
Owners of the company	(15,499,206)	(4,213,213)
Non-controlling interests	<u>(17,978)</u>	<u>5,092</u>
	<u>(15,517,184)</u>	<u>(4,208,121)</u>

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	As at 31 March 2015 US\$	As at 31 December 2014 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	10	22,621,749	24,358,674
Intangible assets	11	2,608,783	1,438,467
Available-for-sale financial assets	12	11,794	11,794
Goodwill	28	1,548,614	1,734,340
Deferred tax assets	21	786,325	910,954
Total non-current assets		<u>27,577,265</u>	<u>28,454,229</u>
Current assets			
Inventories	13	130,542,423	132,322,616
Trade receivables	14	189,855,669	262,334,038
Other current assets	15	12,373,424	11,353,220
Derivative financial asset	26	76,745	183,804
Current taxation	9	902,219	847,119
Cash at bank and in hand	27	15,656,614	57,665,105
Total current assets		<u>349,407,094</u>	<u>464,705,902</u>
Total assets		<u>376,984,359</u>	<u>493,160,131</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		53,337,447	68,853,671
Equity attributable to owners of the parent		87,955,690	103,471,914
Non-controlling interests		147,713	166,651
Total equity		<u>88,103,403</u>	<u>103,638,565</u>
Non-current liabilities			
Long term borrowings	18	1,284,334	1,615,712
Other long term liabilities	19	478,811	455,063
Deferred tax liabilities	21	62,153	47,667
Total non-current liabilities		<u>1,825,298</u>	<u>2,118,442</u>
Current liabilities			
Trade payables		143,381,414	256,100,201
Other current liabilities	22	22,327,693	30,244,306
Short term borrowings	17	119,767,684	99,262,555
Derivative financial liability	25	1,468,640	1,264,863
Current taxation	9	110,227	531,199
Total current liabilities		<u>287,055,658</u>	<u>387,403,124</u>
Total liabilities		<u>288,880,956</u>	<u>389,521,566</u>
Total equity and liabilities		<u>376,984,359</u>	<u>493,160,131</u>

The financial statements were approved by the Board on 6 May 2015.

.....
Constantinos Tziamalis
Director

.....
Marios Christou
Director

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

	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 2014	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 31 March 2014	-	-	-	-	(3,392,365)	(3,392,365)	5,344	(3,387,021)
Other comprehensive loss for the period 1 January 2014 to 31 March 2014	-	-	-	(820,848)	-	(820,848)	(252)	(821,100)
Balance at 31 March 2014	11,100,000	23,518,243	(79,515)	(1,447,865)	75,984,499	109,075,362	164,893	109,240,255
Profit for the period 1 April 2014 to 31 December 2014	-	-	-	-	4,343,353	4,343,353	22,591	4,365,944
Other comprehensive loss for the period 1 April 2014 to 31 December 2014	-	-	-	(6,689,388)	-	(6,689,388)	(20,833)	(6,710,221)
Payment of final dividend	-	-	-	-	(3,322,717)	(3,322,717)	-	(3,322,717)
Share-based payments	-	-	65,304	-	-	65,304	-	65,304
Balance at 31 December 2014	11,100,000	23,518,243	(14,211)	(8,137,253)	77,005,135	103,471,914	166,651	103,638,565
Loss for the period 1 January 2015 to 31 March 2015	-	-	-	-	(12,402,541)	(12,402,541)	(960)	(12,403,501)
Other comprehensive loss for the period 1 January 2014 to 31 March 2015	-	-	-	(3,113,683)	-	(3,113,683)	(17,978)	(3,131,661)
Balance at 31 March 2015	<u>11,100,000</u>	<u>23,518,243</u>	<u>(14,211)</u>	<u>(11,250,936)</u>	<u>64,602,594</u>	<u>87,955,690</u>	<u>147,713</u>	<u>88,103,403</u>

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015

		For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Note			
	Loss for the period before tax and minority interest	(12,498,420)	(3,350,275)
	Adjustments for:		
	Exchange difference arising on consolidation	(1,588,566)	(308,037)
10	Depreciation of property, plant and equipment	520,766	671,415
11	Amortisation of intangible assets	107,790	107,163
	Loss from the sale of property, plant and equipment and intangible assets	2,582	9,259
	Provision for bad debts and receivables written off	1,799,342	474,402
	Bad debts recovered	-	(5,468)
8	Interest received	(18,435)	(32,706)
8	Interest paid	1,563,129	1,995,369
	Operating loss before working capital changes	(10,111,812)	(438,878)
	Decrease/(increase) in inventories	1,780,194	(1,794,104)
	Decrease in trade receivables	70,679,027	106,224,498
	Increase in other current assets	(913,145)	(1,063,480)
	Decrease in trade payables	(112,718,781)	(139,290,414)
	Decrease in other current liabilities	(7,712,834)	(16,806,647)
	Increase in other non-current liabilities	23,748	24,773
	Increase/(decrease) in factoring creditors	6,020,517	(7,925,349)
	Cash outflows from operations	(52,953,086)	(61,069,601)
8	Interest paid	(1,563,129)	(1,995,369)
9	Taxation paid, net	(305,091)	(521,236)
	Net cash outflows from operating activities	(54,821,306)	(63,586,206)
	Cash flows from investing activities		
11	Purchase of intangible assets	(1,317,456)	(44,149)
10	Purchase of property, plant and equipment	(117,253)	(665,618)
	Proceeds from sale of property, plant and equipment and intangible assets	75,864	80,136
8	Interest received	18,435	32,706
	Net cash outflows from investing activities	(1,340,410)	(596,925)
	Cash flows from financing activities		
	Repayments of long term loans and long term obligations under finance lease	(331,378)	(239,720)
	(Repayments)/proceeds of short term borrowings and short term obligations under finance lease	(2,422,454)	20,059,900
	Net cash (outflows)/inflows from financing activities	(2,753,832)	19,820,180
	Net decrease in cash and cash equivalents	(58,915,548)	(44,362,951)
	Cash and cash equivalents at beginning of the period	29,416,259	490,184
27	Cash and cash equivalents at end of the period	(29,499,289)	(43,872,767)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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 three months ended 31 March 2015 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 5 May 2015 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 2014. 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 2014.

(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 2014.

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 three months ended 31 March 2015 are consistent with those followed for the preparation of the annual financial statements for the year 2014 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 2015. 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.

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

6. Other gains and losses

	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Loss on disposal of property, plant and equipment	(2,582)	(9,259)
Other income	32,736	32,309
Bad debts recovered	-	5,468
Rental income	11,039	20,615
	<u>41,193</u>	<u>49,133</u>

7. Loss before tax

	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Loss before tax is stated after charging :		
(a) Amortisation of intangible assets (Note 11)	107,790	107,163
(b) Depreciation (Note 10)	520,766	671,415
(c) Auditors' remuneration	70,883	126,302
(d) Directors' remuneration – executive (Note 29)	72,452	134,250
(e) Directors' remuneration – non-executive (Note 29)	7,780	11,962

8. Financial expense, net

	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Financial income		
Interest income	18,435	32,706
Other financial income	87,765	68,869
	<u>106,200</u>	<u>101,575</u>
Financial expense		
Bank interest	1,563,129	1,995,369
Bank charges	464,721	366,925
Derivative charges	183,412	181,470
Factoring interest	1,045,443	1,085,344
Factoring charges	159,885	140,891
Other financial expenses	27,675	13,520
Other interest	387,548	184,240
Net exchange loss	205,671	2,501,202
	<u>4,037,484</u>	<u>6,468,961</u>
Net	<u>(3,931,284)</u>	<u>(6,367,386)</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2015****9. Tax**

	For the three months ended 31 March 2015 US\$	For the year ended 31 December 2014 US\$
(Receivable)/payable balance 1 January	(315,920)	351,591
Provision for the period/year	(225,579)	893,202
Under provision of prior year periods	12,819	23,559
Exchange difference on retranslation	41,779	(42,216)
Amounts paid, net	<u>(305,091)</u>	<u>(1,542,056)</u>
Net receivable balance 31 March/31 December	<u>(791,992)</u>	<u>(315,920)</u>

	For the three months ended 31 March 2015 US\$	For the year ended 31 December 2014 US\$
Tax receivable	(902,219)	(847,119)
Tax payable	<u>110,227</u>	<u>531,199</u>
Net	<u>(791,992)</u>	<u>(315,920)</u>

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

	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Provision for the period	(225,579)	6,819
Under provision of prior years	12,819	17,754
Deferred tax charge (Note 21)	<u>117,841</u>	<u>12,173</u>
(Credit)/charge for the period	<u>(94,919)</u>	<u>36,746</u>

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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 2014	24,605,978	24,879	7,220,034	174,406	3,653,398	3,061,788	3,764,420	42,504,903
Additions	17,292	-	636,005	-	279,627	109,444	121,374	1,163,742
Disposals	(432,761)	-	(433,336)	(4,103)	(353,914)	(151,784)	(242,356)	(1,618,254)
Transfers	24,822	(24,822)	-	-	-	-	-	-
Foreign exchange difference on retranslation	(1,704,439)	(57)	(595,519)	(846)	(458,594)	(345,833)	(390,185)	(3,495,473)
At 31 December 2014	22,510,892	-	6,827,184	169,457	3,120,517	2,673,615	3,253,253	38,554,918
Additions	-	-	73,979	-	-	5,872	37,402	117,253
Disposals	-	-	(74,980)	-	(105,468)	(15,374)	(6,402)	(202,224)
Foreign exchange difference on retranslation	(1,140,772)	-	(372,164)	362	(208,855)	(164,728)	(187,548)	(2,073,705)
At 31 March 2015	21,370,120	-	6,454,019	169,819	2,806,194	2,499,385	3,096,705	36,396,242
Accumulated depreciation								
At 1 January 2014	3,393,288	-	5,067,589	75,480	1,985,309	1,761,161	2,240,471	14,523,298
Charge for the year	463,461	-	860,590	18,454	453,924	399,739	305,521	2,501,689
Disposals	(350,520)	-	(402,904)	(3,543)	(251,252)	(83,569)	(167,822)	(1,259,610)
Foreign exchange difference on retranslation	(348,346)	-	(438,098)	(458)	(261,358)	(267,418)	(253,455)	(1,569,133)
At 31 December 2014	3,157,883	-	5,087,177	89,933	1,926,623	1,809,913	2,124,715	14,196,244
Charge for the period	140,377	-	177,167	4,557	95,012	42,007	61,646	520,766
Disposals	-	-	(61,602)	-	(76,499)	(1,733)	(2,572)	(142,406)
Foreign exchange difference on retranslation	(208,273)	-	(251,791)	890	(134,313)	(103,690)	(102,934)	(800,111)
At 31 March 2015	3,089,987	-	4,950,951	95,380	1,810,823	1,746,497	2,080,855	13,774,493
Net book value								
At 31 March 2015	18,280,133	-	1,503,068	74,439	995,371	752,888	1,015,850	22,621,749
At 31 December 2014	19,353,009	-	1,740,007	79,524	1,193,894	863,702	1,128,538	24,358,674

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

11. Intangible assets

	Computer software US\$	Patents and licenses US\$	Total US\$
Cost			
At 1 January 2014	6,708,587	1,145,482	7,854,069
Additions	899,068	12,364	911,432
Disposals/ write-offs	(73,474)	(598)	(74,072)
Foreign exchange difference on retranslation	(219,118)	(61,592)	(280,710)
At 31 December 2014	7,315,063	1,095,656	8,410,719
Additions	187,739	1,129,717	1,317,456
Disposals/ write-offs	(15,883)	(20,031)	(35,914)
Foreign exchange difference on retranslation	(111,272)	(21,593)	(132,865)
At 31 March 2015	7,375,647	2,183,749	9,559,396
Accumulated amortisation			
At 1 January 2014	5,904,126	1,022,154	6,926,280
Additions from acquisitions of subsidiaries	298,073	75,790	373,863
Disposals/ write-offs	(58,373)	(533)	(58,906)
Foreign exchange difference on retranslation	(216,854)	(52,131)	(268,985)
At 31 December 2014	5,926,972	1,045,280	6,972,252
Charge for the period	69,950	37,840	107,790
Disposals/ write-offs	(4,626)	(12,660)	(17,286)
Foreign exchange difference on retranslation	(92,757)	(19,386)	(112,143)
At 31 March 2015	5,899,539	1,051,074	6,950,613
Net book value			
At 31 March 2015	1,476,108	1,132,675	2,608,783
At 31 December 2014	1,388,091	50,376	1,438,467

12. Available-for-sale financial assets

The details of the investments are as follows:

	Country of incorporation	Participation %	Cost US\$	Impairment US\$	As at 31 March 2015 US\$	As at 31 December 2014 US\$
<i>Investments held in related companies</i>						
E-Vision Ltd	Cyprus	18%	90,000	(90,000)	-	-
<i>Other investments</i>						
Asekol s.r.o.	Czech Republic	9.09%	9,580	-	9,580	9,580
Regnon S.A.	Poland	0.01%	2,214	-	2,214	2,214
			101,794	(90,000)	11,794	11,794

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

13. Inventories

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Goods in transit	7,093,103	17,354,875
Goods held for resale	127,062,715	116,866,430
Provision for slow moving and obsolete stock	<u>(3,613,395)</u>	<u>(1,898,689)</u>
	<u>130,542,423</u>	<u>132,322,616</u>

14. Trade receivables

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Trade receivables	196,731,154	268,515,408
Allowance for doubtful debts	<u>(6,875,485)</u>	<u>(6,181,370)</u>
	<u>189,855,669</u>	<u>262,334,038</u>

15. Other current assets

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Deposits and advances to service providers	744,750	776,259
Employee floats	80,068	62,994
VAT and other taxes refundable	7,248,304	6,753,191
Other debtors and prepayments	<u>4,300,302</u>	<u>3,760,776</u>
	<u>12,373,424</u>	<u>11,353,220</u>

16. Share capital

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Authorised		
63,000,000 (2013: 63,000,000) shares of US\$ 0.20 each	<u>12,600,000</u>	<u>12,600,000</u>
Issued and fully paid		
55,500,000 (2013: 55,500,000) ordinary shares of US\$ 0.20 each	<u>11,100,000</u>	<u>11,100,000</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2015****17. Short term borrowings**

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Bank overdrafts (Note 27)	45,155,907	28,248,846
Current portion of long term loans	857,015	933,554
Bank short term loans	27,192,794	29,523,070
Short term obligations under finance leases (Note 20)	<u>59,048</u>	<u>74,688</u>
Total short term debt	<u>73,264,764</u>	<u>58,780,158</u>
Factoring creditors	<u>46,502,920</u>	<u>40,482,397</u>
	<u>119,767,684</u>	<u>99,262,555</u>

Summary of borrowings and overdraft arrangements

As at 31 March 2015 the group enjoyed factoring facilities of US\$ 74,615,459 (31 December 2014: US\$ 83,045,488).

In addition, the group as at 31 March 2015 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US\$ 49,154,153 (31 December 2014: US\$ 51,761,403)
- short term loans/revolving facilities of US\$ 42,890,877 (31 December 2014: US\$ 58,023,364)
- bank guarantee and letters of credit lines of US\$ 11,251,395 (31 December 2014: US\$ 11,484,368)

The group had for the period ending 31 March 2015 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 9.7% (for 2014: 8.0%).

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\$ 5,564,327 (31 December 2014: US\$ 6,222,423)

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

18. Long term borrowings

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Bank loans	1,235,273	1,538,139
Long term obligations under finance leases (Note 20)	<u>49,061</u>	<u>77,573</u>
	<u>1,284,334</u>	<u>1,615,712</u>

19. Other long term liabilities

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Pension provision	<u>478,811</u>	<u>455,063</u>

20. Finance leases

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Obligation under finance lease	108,109	152,261
Less: Amount payable within one year	<u>(59,048)</u>	<u>(74,688)</u>
Amounts payable within 2-5 years inclusive	<u>49,061</u>	<u>77,573</u>

21. Deferred tax

	For the three months ended 31 March 2015 US\$	For the year ended 31 December 2014 US\$
Debit balance on 1 January	(863,287)	(257,138)
Deferred tax charge/(credit) for the period/year (Note 9)	117,841	(640,694)
Exchange difference on retranslation	<u>21,275</u>	<u>34,545</u>
Debit balance on 31 March/31 December	<u>(724,171)</u>	<u>(863,287)</u>

	For the three months ended 31 March 2015 US\$	For the year ended 31 December 2014 US\$
Deferred tax assets	(786,325)	(910,954)
Deferred tax liabilities	<u>62,153</u>	<u>47,667</u>
Net deferred tax assets	<u>(724,172)</u>	<u>(863,287)</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2015****22. Other current liabilities**

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Salaries payable and related costs	1,442,357	1,475,960
Amount due to directors - executive (Note 29)	440,234	1,122,681
VAT payable	5,099,626	10,305,056
Accruals and deferred income	13,032,532	14,538,916
Non-trade accounts payable	<u>2,312,944</u>	<u>2,801,693</u>
	<u>22,327,693</u>	<u>30,244,306</u>

23. Commitments and contingencies

As at 31 March 2015 the group was committed in respect of purchases of inventories of a total cost value of US\$ 863,072 (31 December 2014: US\$ 3,258,157) which were in transit at 31 March 2015 and delivered in April 2015. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase title of the goods had not passed to the group at period/year end.

As at 31 March 2015 the group was contingently liable in respect of bank guarantees and letters of credit lines of US\$ 11,251,395 (31 December 2014: US\$ 11,484,368) which the group has extended mainly to its suppliers.

As at 31 March 2015 the group had no other capital or legal commitments and contingencies.

24. Operating segments**1.1 Reportable segments**

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

1.2 Segment revenues

	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Former Soviet Union	80,505,288	122,355,709
Central Eastern Europe	129,523,750	145,919,751
Western Europe	15,106,342	18,658,045
Middle East & Africa	41,888,230	48,140,305
Other	<u>14,785,144</u>	<u>7,316,363</u>
	<u>281,808,754</u>	<u>342,390,173</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

24. Operating segments (continued)

1.3 Segment results

	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Former Soviet Union	(6,571,835)	1,388,134
Central Eastern Europe	259,597	1,441,009
Western Europe	(938,547)	(334,884)
Middle East & Africa	(613,564)	443,769
Other	(743,980)	29,950
(Loss)/profit from operations	(8,608,329)	2,967,978
Net financial expenses	(3,931,284)	(6,367,386)
Other gains and losses	41,193	49,133
Loss before taxation	(12,498,420)	(3,350,275)

1.4 Inter-segment revenues

Selling segment	Purchasing segment	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Western Europe	Middle East & Africa	-	6,898

1.5 Segment capital expenditure (CAPEX)

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Former Soviet Union	4,672,762	5,033,410
Central Eastern Europe	10,226,858	11,635,459
Western Europe	120,473	143,273
Middle East & Africa	3,373,306	3,446,663
Unallocated	8,385,747	7,272,676
	26,779,146	27,531,481

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

24. Operating segments (continued)

1.6 Segment depreciation and amortisation

	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Former Soviet Union	131,055	220,031
Central Eastern Europe	204,537	274,624
Western Europe	7,554	20,385
Middle East & Africa	63,657	87,646
Unallocated	221,753	175,892
	<u>628,556</u>	<u>778,578</u>

1.7 Segment assets

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Former Soviet Union	112,382,557	168,000,256
Central Eastern Europe	111,806,373	151,910,016
Western Europe	36,888,708	58,422,613
Middle East & Africa	53,867,758	24,173,211
Total	<u>314,945,396</u>	<u>402,506,096</u>
Assets allocated in capital expenditure (1.5)	26,779,146	27,531,481
Other unallocated assets	<u>35,259,817</u>	<u>63,122,554</u>
Consolidated assets	<u>376,984,359</u>	<u>493,160,131</u>

25. Derivative financial liability

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>1,468,640</u>	<u>1,264,863</u>

26. Derivative financial asset

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
<u>Derivative financial assets carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>76,745</u>	<u>183,804</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

27. Cash and cash equivalents

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Cash at bank and in hand	15,656,614	57,665,105
Bank overdrafts (Note 17)	<u>(45,155,907)</u>	<u>(28,248,846)</u>
	<u>(29,499,293)</u>	<u>29,416,259</u>

The cash at bank and in hand balance includes an amount of US\$ 5,564,327 (31 December 2014: US\$ 6,222,423) which represents pledged deposits.

28. Goodwill

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
At 1 January	1,734,340	1,969,009
Foreign exchange difference on retranslation	<u>(185,726)</u>	<u>(234,669)</u>
At 31 March/31 December (note i)	<u>1,548,614</u>	<u>1,734,340</u>

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

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	378,522	424,419
SHARK Computers a.s.	<u>1,170,092</u>	<u>1,309,921</u>
	<u>1,548,614</u>	<u>1,734,340</u>

29. Transactions and balances of key management

	For the three months ended 31 March 2015 US\$	For the three months ended 31 March 2014 US\$
Directors' remuneration - executive (Note 7)	72,452	134,250
Directors' remuneration - non executive (Note 7)	<u>7,780</u>	<u>11,962</u>
	<u>80,232</u>	<u>146,212</u>

	As at 31 March 2015 US\$	As at 31 December 2014 US\$
Amount due to directors – executive (Note 22)	<u>440,234</u>	<u>481,506</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

30. Business combinations

Disposals of subsidiaries to 31 December 2014

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

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

31. 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.

32. Events after the reporting period

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