ASBISc Enterprises Plc

INTERIM REPORT
FOR THE THREE MONTHS
ENDED 31 MARCH 2016

Limassol, May 12th, 2016

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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 2016. 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, Iraq, Qatar and other Gulf states), Russia, Belarus, Kazakhstan and Ukraine.

The Group distributes IT components (to assemblers, system integrators, local brands and retail) as well as A-branded finished products like desktop PCs, laptops, servers, and networking to SMB and retail. Our IT product portfolio encompasses a wide range of IT components, blocks and peripherals, and mobile IT systems. We currently purchase the majority of our products from leading international manufacturers, including 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 two master distribution centres (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 24 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 60 countries.

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

2. Executive summary for the three month period ended 31 March 2016

The principal events of the three months ended 31 March 2016 were as follows:

- Revenues in Q1 2016 decreased by 11.61% to U.S. $ 249,095 from U.S. $ 281,809 in the corresponding period of 2015.

- Gross profit in Q1 2016 has increased by 93.17% to U.S. $ 13,302 from U.S. $ 6,886 in the corresponding period of 2015. This significant increase has been the result of the enormous efforts of the management team to optimize its product portfolio, cut the loss making business units and avoid any loss from private labels.

- Gross profit margin in Q1 2016 has increased by 118.54% to 5.34% from 2.44% in the corresponding period of 2015 for the same reasons as for the increase in gross profit.

- Selling expenses in Q1 2016 have decreased by 38.18% to U.S. $ 6.145 from U.S. $ 9,940 in the corresponding period of 2015. This decrease is connected with changes that have been effected in the Company's cost structure in 2015.

- Administrative expenses in Q1 2016 have decreased by 29.99% to U.S. $ 3,889 from U.S. $ 5,555 in the corresponding period of 2015, following the cost cutting actions of 2015.

- Financial expenses in Q1 2016 have decreased by 26.52% to U.S.$ 2,967 from U.S.$ 4,038 in the corresponding period of 2015. This is mainly related to a decrease in financing lines utilization.

- EBITDA in Q1 2016 was positive and amounted to U.S. $ 3,802, in comparison to a negative number of U.S. $ 7,980 in the corresponding period of 2015.

- As a result, in Q1 2016 the Company has generated a net profit after taxation of U.S. $ 401, in comparison to a net loss after taxation of U.S. $ 12,404 in the corresponding period of 2015.

The reported net profit after tax arises from a number of changes that the Company introduced in 2015. Improvements in product portfolio and focus on gross profit margins coupled with no more one off losses (as was the case of H1 2015) resulted in significant improvement in profitability. More importantly, the Company started to benefit from decreased expenses which is expected to enable the Company to generate more profits with an increase in revenues.

The following table presents revenues breakdown by regions for Q1 2016 and Q1 2015 (in U.S.$ thousand):

Region	Q1 2016	Q1 2015	Change (%)
Central and Eastern Europe	99,413	129,524	-23.25%
Former Soviet Union	73,926	80,505	-8.17%
Middle East and Africa	43,871	41,888	+4,73%
Western Europe	22,768	15,106	+50.72%
Other	9,118	14,785	-38.33%
Grand Total	249,095	281,809	-11.61%

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 2016, 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, 2015, that is: 1 US$ = 3.9011 PLN and 1 EUR = 4.2615 PLN and March 31st, 2016, that is: 1 US$ = 3.7590 PLN and 1 EUR = 4.2684 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, 2016, that is 1 US$ = 3.9416 PLN and 1 EUR = 4.3559 PLN.

	Period from 1 January to 31 March 2016			Period from 1 January to 31 March 2015		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**249,095**	**981,831**	**225,403**	**281,809**	**1,054,979**	**254,279**
Cost of sales	(235,793)	(929,400)	(213,366)	(274,923)	(1,029,200)	(248,066)
Gross profit	**13,302**	**52,432**	**12,037**	**6,886**	**25,779**	**6,214**
Selling expenses	(6,145)	(24,219)	(5,560)	(9,940)	(37,210)	(8,969)
Administrative expenses	(3,889)	(15,328)	(3,519)	(5,555)	(20,795)	(5,012)
Profit/(loss) from operations	**3,269**	**12,885**	**2,958**	**(8,608)**	**(32,226)**	**(7,767)**
Financial expenses	(2,967)	(11,693)	(2,685)	(4,038)	(15,115)	(3,643)
Financial income	97	383	88	106	398	96
Other gains and losses	61	239	55	41	154	37
Profit/(loss) before taxation	**460**	**1,814**	**416**	**(12,498)**	**(46,789)**	**(11,278)**
Taxation	(59)	(234)	(54)	95	355	86
Profit/(loss) after taxation	**401**	**1,580**	**363**	**(12,404)**	**(46,434)**	**(11,192)**
Attributable to:						
Non-controlling interests	3	11	3	(1)	(4)	(1)
Owners of the Company	**398**	**1,569**	**360**	**(12,403)**	**(46,430)**	**(11,191)**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	0.72	2.83	0.65	-22.35	-83.66	-20.16

	Period from 1 January to 31 March 2016			Period from 1 January to 31 March 2015		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash outflows from operating activities	(18,854)	(74,316)	(17,061)	(54,821)	(205,229)	(49,466)
Net cash outflows from investing activities	(401)	(1,580)	(363)	(1,340)	(5,018)	(1,210)
Net cash outflows from financing activities	(595)	(2,346)	(539)	(2,754)	(10,309)	(2,485)
Net decrease in cash and cash equivalents	**(19,850)**	**(78,242)**	**(17,962)**	**(58,916)**	**(220,556)**	**(53,160)**
Cash at the beginning of the period	**4,290**	**16,909**	**3,882**	**29,416**	**110,123**	**26,543**
Cash at the end of the period	**(15,560)**	**(61,333)**	**(14,080)**	**(29,499)**	**(110,434)**	**(26,618)**

	As at 31 March 2016			As at 31 December 2015		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Current assets	332,923	1,251,458	293,191	352,259	1,374,199	322,468
Non-current assets	29,787	111,969	26,232	29,316	114,363	26,836
Total assets	362,710	1,363,427	319,423	381,575	1,488,562	349,305
Liabilities	279,855	1,051,974	246,456	300,095	1,170,701	274,716
Equity	82,855	311,453	72,967	81,480	317,860	74,589

4. Organization of ASBIS Group

The following table presents our corporate structure as at March 31st, 2016:

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 Poland 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 in liquidation (Warsaw, Poland)	Full (100% subsidiary)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100% subsidiary)
Prestigio Europe s.r.o (Prague, Czech Republic)	Full (100% subsidiary)
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)
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, 2016 there were no changes in the structure of the Company and the Group.

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, 2016. However, on March 21st, 2016 we have announced our financial forecasts for the year 2016. Having seen Q1 2016 results, we fully sustain our forecasts that assume revenues between USD 1,15 bn and 1,25 bn and net profit after tax between USD 4m and 5m.

7. Information on dividend payment

For the three month period ended March 31st, 2016 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	20,401,361	36.76%	20,401,361	36.76%
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 corrected with notification from July 14th, 2015.

In the three months period ended on March 31st, 2016 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 2016 as well as for the period between March 29th, 2016 (the date of the publication of the Annual Report for 2015) and May 12th, 2016 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

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

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly)	20,443,127	36.83%
Constantinos Tziamalis	555,000	1.00%
Marios Christou	518,000	0.93%
Yuri Ulasovich	210,000	0,38%
Demos Demou	0	0%
Chris Pavlou	0	0%

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

10. Changes in the members of managing bodies

During the three month period ended March 31^{st}, 2016 there were no changes in the members of the Company's Board of Directors.

11. Significant administrative and court proceedings against the Company

As of March 31^{st}, 2016, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

12. Related Party Transactions

During the three months ended March 31^{st}, 2016 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.$ 136,683 at December 31^{st}, 2015 to U.S.$ 139,848 at March 31^{st}, 2016, representing more than 10% of the Company's equity. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at March 31^{st}, 2016 was U.S. $ 6,920 – as per note number 16 to the financial statements – which is less than 10% of the Company's equity.

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

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

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

In the three month period ended March 31^{th}, 2016, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors were: the in-country crisis seriously affecting major markets, 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 brand business, high cost of debt, warranty claims and overstock of own brand products.
Despite the fact that revenues were still lower than in Q1 2015, all other lines of our income statement have been significantly improved. Improved Gross profit coupled with significant savings in expenses led the Company to its third concecutive profitable quarter. Below we present all factors that have affected and continue to affect our business:

The in-country crisis affecting our major markets and our gross profit and gross profit margin

Throughout the years of operations the Company has suffered from specific in-country crises. The example of Ukraine in 2014 and Russia in 2015 is proving that the risk of in country crises is quite high and must be weathered at all times. Moreover, since these crises are driven by external unforeseen factors, it is of high importance that such crises are weathered fast enough.

Currency fluctuations

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

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 had a negative result on our profitability since we had to lower prices to get rid of our stocks.

Low gross profit margins

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

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

In an effort to increase gross margins, the Company has developed the own brand business, that allows 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. 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.

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 brand business division, the Company needs to balance between satisfying consumer demand and risk of inventory obsolence or price erosion, by having the proper level of inventory. This risk was faced in H1 2015, when we had to sell excess stock of own brands 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 60% 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 risk 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 credit risk is of extremely high importance.

Worldwide financial environment

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

However, there are many uncertainties about the world economy following the developments in China and turmoil in the ME region coupled with 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. However, with the experience we gained, the management strongly believes today the Company is much more flexible and much better prepared to weather any obstacles that may arise due to worldwide financial environment.

Seasonality

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

Development of own brand business

The Company's strategy is to focus more on profitability than on revenues, thus 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 welcomed by the markets, it is expected that further development of own brands business may positively affect 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 a number of quality control measures to mitigate this risk, but given the volumes and the large amount of factories used to produce these products, these controls might not be 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.

Warranty claims from own brand products

The own brand business requires us to put extra efforts to avoid any problems with quality of devices. Despite all our efforts, we have noticed significant returns on specific models produced the last three years.

This risk has negatively affected H1 2015 and Y2015 results as we had to provide for losses due to the decline of certain ODMs to satisfy their contractual obligations on products with epidemic failure. Unfortunatelly, these factories refused to do so and we were forced to re-assess our provisions for returns and recognize a significant 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, which however, does not guarantee elimination of the risk of warranty losses.

The Company updated its procedures and started to decrease warranty cost beginning from Q3 2015. This positive trend has continued in Q1 2016 and it is expected to further continue in the periods to follow.

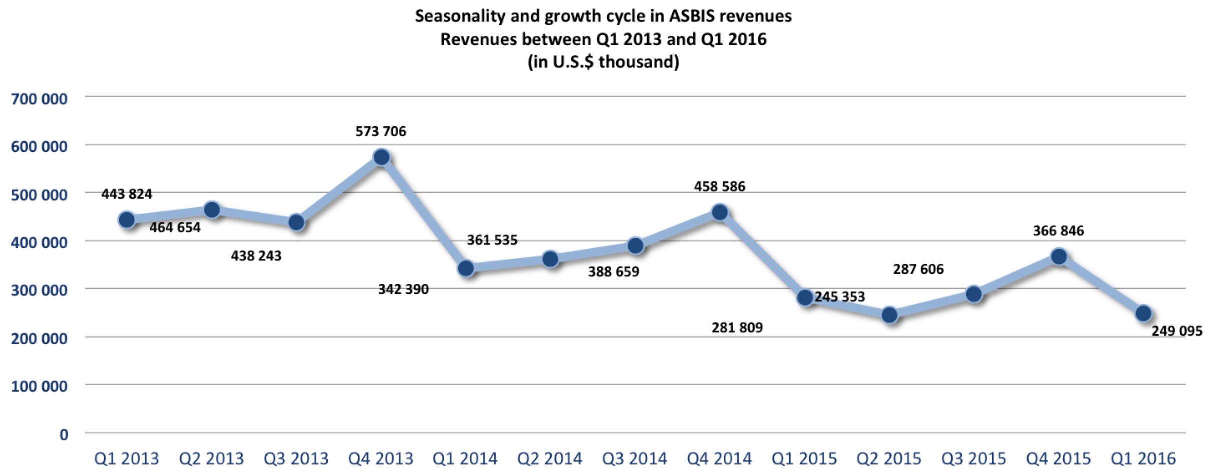
High cost of debt

Private label business means 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 financing facilities in these countries and this may limit our efforts to further decrease the average cost of debt.

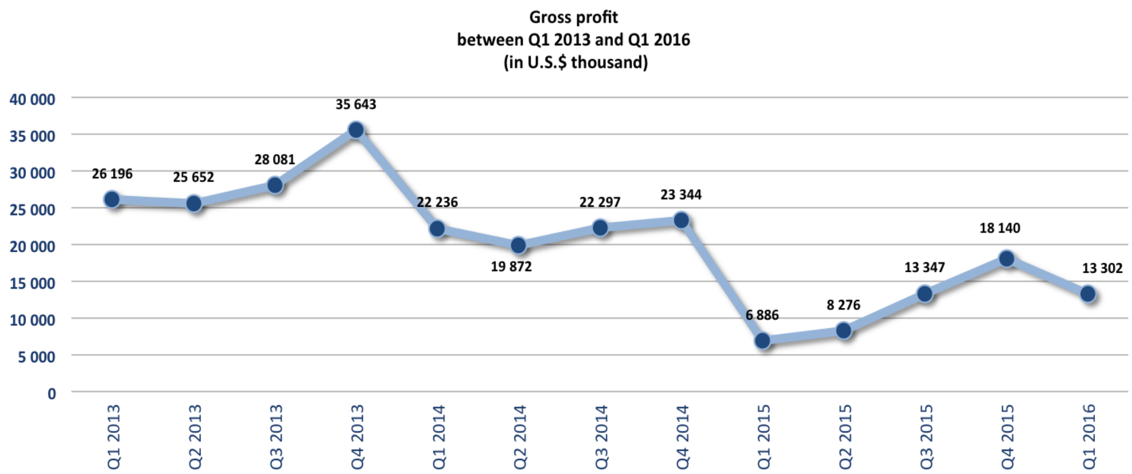
Results of Operations

Three month period ended 31 March 2016 compared to the three month period ended 31 March 2015

- **Revenues:** In Q1 2016 revenues decreased by 11.61% to U.S. $ 249,095 from U.S. $ 281,809 in the corresponding period of 2015.



- **Gross profit:** In Q1 2016 gross profit has increased by 93.17% to U.S. $ 13,302 from U.S. $ 6,886 in the corresponding period of 2015.



- **Gross profit margin:** Positive changes in our product portfolio and changes in own brands business resulted in an increase in gross profit margin in Q1 2016.

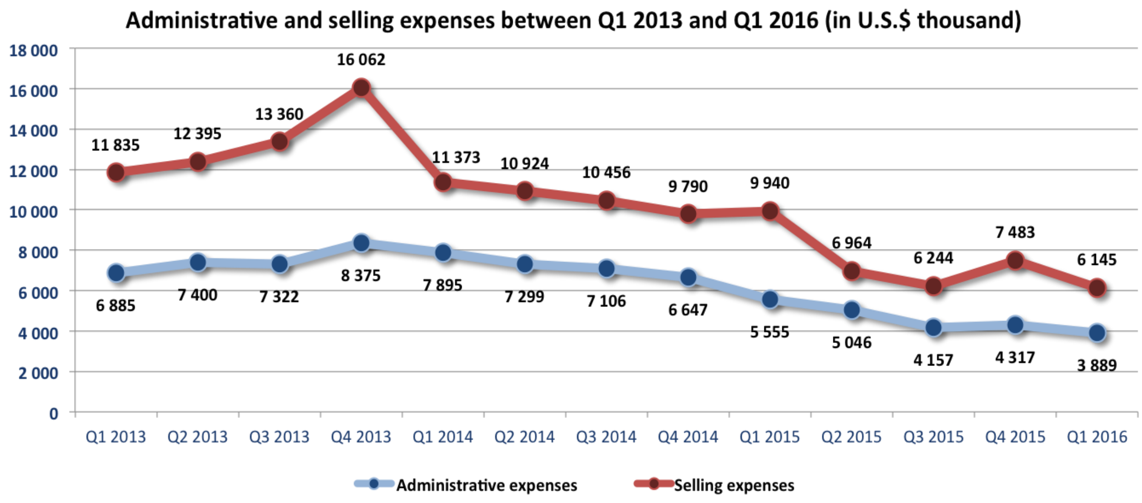
  Gross profit margin in Q1 2016 has increased by 118.54% to 5.34% from 2.44% in the corresponding period of 2015.

- **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 2016 have decreased by 38.18% to U.S. $ 6,145 from U.S. $ 9,940 in the corresponding period of 2015. This decrease is a result of changes in the Company's cost structure introduced in 2015.

- **Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense. They have decreased in Q1 2016 due to continuation of our cost cutting actions.

Administrative expenses in Q1 2016 have decreased by 29.99% to U.S. $ 3,889 from U.S. $ 5,555 in the corresponding period of 2015.



- **Financial expenses** in Q1 2016 have decreased by 26.52% to U.S.$ 2,967 from U.S.$ 4,038 in the corresponding period of 2015.
- **Operating profit:** In Q1 2016 we had an operating profit of U.S. $ 3,269, compared to operating loss U.S. $ 8,608 in the corresponding period of 2015.
- **EBITDA:** In Q1 2016 was positive and amounted to U.S. $ 3,802 in comparison to a negative number of U.S. $ 7,980 in the corresponding period of 2015.
- **Net profit:** As a result of improved gross profit margins and decreased expenses, in Q1 2016 the Company has generated a net profit after taxation of U.S. $ 401, in comparison to a net loss after taxation of U.S. $ 12,404 in the corresponding period of 2015.

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 2016. However, certain of the F.S.U. countries have performed better than the CEE countries.

Revenues derived from the F.S.U. region in Q1 2016 was 8.17% lower than in Q1 2015. Sales in the Central and Eastern Europe region in Q1 2016 have decreased by 23.25% compared to Q1 2015.

Sales in Western Europe in Q1 2016 increased by 50.72% compared to Q1 2015, based on strong components sales in this region. Sales in MEA region have increased by 4.73%, as compared to Q1 2015.

Country-by-country analysis shows an improvement in our Ukraine operations, where our sales have increased by 154.05% in Q1 2016 compared to Q1 2015. Sales in Russia decreased by 5.07%. In CEE region, our sales in Slovakia decreased by 13.30%, however in the same time our sales in Czech Republic grew by 9.51%. In definitive numbers, Slovakia continued to be the leader in our country portfolio, but F.S.U. countries –after the recent improvement- are coming back stronger. We expect an improvement in the F.S.U. and CEE regions in the next quarters of 2016.

The table below provides a geographical breakdown of sales in the three month periods ended March 31st, 2016 and 2015.

	Q1 2016		Q1 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central and Eastern Europe	99,413	39.91%	129,524	45.96%
Former Soviet Union	73,926	29.68%	80,505	28.57%
Middle East and Africa	43,871	17.61%	41,888	14.86%
Western Europe	22,768	9.14%	15,106	5.36%
Other	9,118	3.66%	14,785	5.25%
Total	249,095	100%	281,809	100%

Revenue breakdown – Top 10 countries in Q1 2016 and Q1 2015 (in U.S. Dollar thousand)

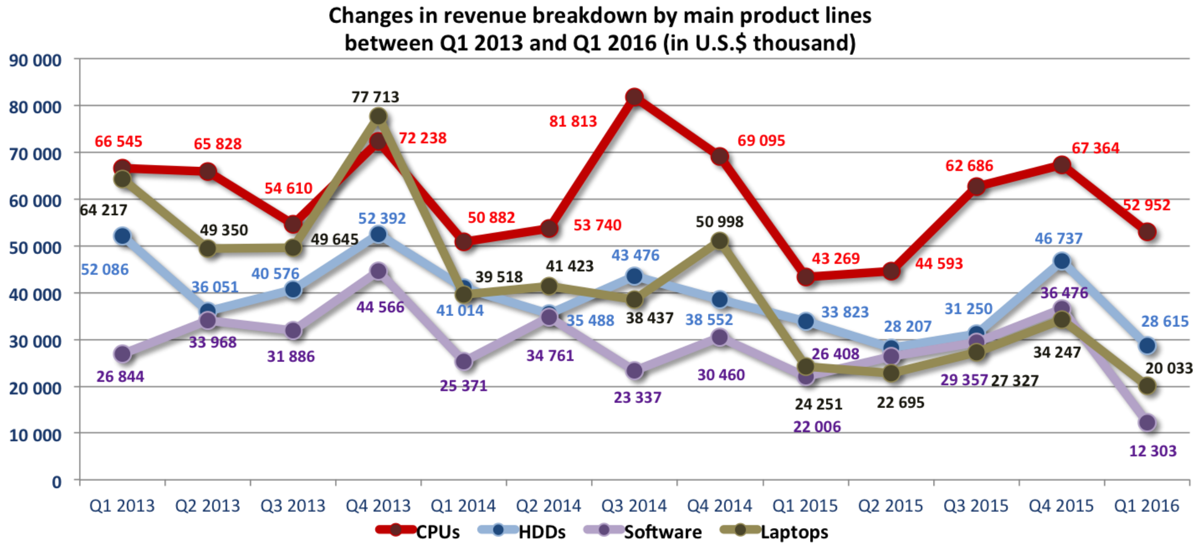
	Q1 2016		Q1 2015	
	Country	Sales	Country	Sales
1.	**Slovakia**	43,316	**Slovakia**	49,962
2.	**Russia**	31,868	**Russia**	33,569
3.	**United Arab Emirates**	30,030	**United Arab Emirates**	33,257
4.	**Ukraine**	17,274	**Kazakhstan**	32,852
5.	**Czech Republic**	12,906	**Poland**	29,400
6.	**Romania**	11,464	**Czech Republic**	11,786
7.	**United Kingdom**	11,402	**Romania**	11,058
8.	**Kazakhstan**	10,442	**Taiwan**	8,821
9.	**Belarus**	10,356	**Ukraine**	6,799
10.	**Hungary**	6,511	**Bulgaria**	6,617
11.	**Other**	63,528	**Other**	57,688
	TOTAL	**249,095**	**TOTAL**	**281,809**

Sales by product lines

Starting from February 2014 revenues have been under a serious pressure resulting from the turbulence in our major markets which also affected a number of countries across our operations. This has not changed in 2016 to date and thus the lower revenues in all product lines the Group carries.

We continue our efforts to increase revenues as fast as possible, mainly through addressing our products more agressively 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 an i-phone distribution to ASBIS for Ukraine, Belarus and Kazakhstan. However, our main focus is on margins. Thus, we have not focused on increasing sales revenues in Q1 2016, but rather increase profitability. As a result, our margins grew significantly year on year.

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



In Q1 2016, CPUs lead in our revenue by product lines split after a significant 22.38% increase year on year. They are followed by the smartphones segment which remains big, but smaller than a year ago due to our focus on margins. From the other major product lines, we have observed decreased revenues in software business caused by lower than expected demand on Windows 10, and a continued decrease of the tablet business.

From other product lines, in Q1 2016 the Company noticed a positive trend in mainboards and VGA (+78.54%), display products (+27.86%), memory modules (+63,29%), server and server blocks (+18.82%), optical and floppy drives (+99.12%) and networking products (+16.44%). The share of the four traditional product lines (CPUs, HDDs, laptops and software) in total revenues increased to 45.73% from 43.77% in Q1 2015.

The table below sets a breakdown of revenues, by product lines, for Q1 2016 and Q1 2015:

	Q1 2016		Q1 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central processing units (CPUs)	52,952	21.26%	43,269	15.35%
Smartphones	47,060	18.89%	69,621	24.70%
Hard disk drives (HDDs)	28,615	11.49%	33,823	12.00%
PC-mobile (laptops)	20,033	8.04%	24,251	8.61%
Software	12,303	4.94%	22,006	7.81%
Tablets	7,598	3.05%	21,011	7.46%
Other	80,534	32.33%	67,827	24.07%
Total revenue	**249,095**	**100%**	**281,809**	**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. While our cash flow was stretched in H1 2015, it has significantly improved in H2 2015 as we generated a positive number on cash from operations in both of its quarters. In Q1 2016, cash from operations was negative - which is typical for this period of year. We do expect our cash from operations to be positive for the full year.

The following table presents a summary of cash flows for the three months ended March 31st, 2016 and 2015:

	Three months ended March 31st	
	2016	2015
	U.S. $	
Net cash outflows from operating activities	(18,854)	(54,821)
Net cash outflows from investing activities	(401)	(1,340)
Net cash outflows from financing activities	(595)	(2,754)
Net decrease in cash and cash equivalents	(19,850)	(58,916)

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 18,854 for the three months ended March 31st, 2016, compared to outflows of U.S. $ 54,821 in the corresponding period of 2015. This is attributed mainly to improved working capital utilization and better operational efficiencies. The Company expects cash from operations to turn positive for 2016.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 401 for the three months ended March 31st, 2016, compared to U.S. $ 1,340 in the corresponding period of 2015. These outflows mainly relate to on-going investments for fixed assets (such as computers, furniture etc.).

Net cash outflows from financing activities

Net cash outflows from financing activities was U.S. $ 595 for the three months ended March 31st, 2016, compared to inflows of U.S.$ 2,754 for the corresponding period of 2015. This primarily relates to lower utilization of certain financing lines.

Net decrease in cash and cash equivalents

As a result of decreased working capital utilization and decreased financing, cash and cash equivalents have decreased by U.S. $ 19,850, compared to a decrease of U.S. $ 58,916 in the corresponding period of 2015.

16. Factors which may affect our results in the future

Political and economic stability in Europe and our regions

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

Furthermore, recent negative developments in CEE economies have not allowed the Company to offset the negative results of the F.S.U. region.

The weak economics in the F.S.U. region are 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 in demand in most of our regions (as proven by H2 2015 sales) that we are in a position to properly manage this crisis and get stronger out of it. This now has been proven again, as in Q1 2016 we have delivered a net profit after tax and our business in Ukraine has significantly grown. We will continue this strategy and focus more on our core regions and strengths, to maximize profits and take advantage of any possible market revival.

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

The diversified geographic coverage of the Group's revenues ensures that we do mitigate the risk of lower sales in a particular country with the possibility of higher sales in a number of other countries. Russia is no longer our number one country in terms of revenues. Slovakia, that took over the first spot (as a country) and CEE (as a region) is the most important to the Company's revenues, and we need to adapt to any changes that might arise in these geographies.

Since the CEE contribution to our total revenues is bigger than those 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 on our core competences.

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

The Group's ability to increase gross profit margins

The Group's gross profit margin has increased significantly in Q1 2016 as compared to Q1 2015. This is a continuation of an improvement that started in Q3 2015 and is a result of changes in product portfolio and focus on margins rather than just on sales. Additionally, our business was safeguarded and we did not have any negative one off events like in Q1 2015. Therefore, margins are expected to further improve later in 2016. However, the pace of this growth is hard to estimate, as the margins may remain under pressure due to enhanced competition together with lower demand in a number of markets. It is of extreme importance for the Group to manage its stock level and refine its product portfolio in order to achieve optimum gross profit margins.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Although volatility of a number of currencies in Q1 2016 was strong, we have been successfully shielded by our hedging policy. Therefore, the hedging strategy should be followed and further improved without any exception later in 2016.

Ability of the Group to control expenses

Selling and administrative expenses in Q1 2016 decreased significantly as compared to Q1 2015. The decrease in expenses is a result of restructuring actions undertaken by the Company in H2 2015. This included less employees, revised compensation schemes and stricter expense control.

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.

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

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

Ability to decrease the average cost of debt

The own brand business –by its nature– consumes more cash and has contributed towards an increase in debt and in the average cost of debt in the past. We have already addressed this issue 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.

Additionally, as we decided to continue the own brand business with less product lines and focus on less models, it will be easier to plan operations and arrange financing for the Group. We have a major work to do and success on this field will be an important factor positively affecting our results in the future. It is also very important for the Group to continue enjoying the financial facilities required, but at a more competitive pricing.

Ability to cover warranty claims from customers

Increased own brand 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 increased 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, is such a case, we will be forced to cover it from our own funds, thereby negatively impacting our results.

We have reviewed all our contracts with factories, and we signed new ones after ensuring the contractor will be able 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, 2016 and before this report release

According to our best knowledge, in the period between March 31st, 2016 and May 12th, 2016 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 Condensed Consolidated Interim Financial Statements for the period ended March 31st, 2016

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2016

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2016

	Note	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Revenue	4,23	249,094,614	281,808,754
Cost of sales		(235,792,462)	(274,922,611)
Gross profit		13,302,152	6,886,143
Selling expenses		(6,144,488)	(9,939,628)
Administrative expenses		(3,888,726)	(5,554,844)
Profit/(loss) from operations		3,268,938	(8,608,329)
Financial income	7	97,176	106,200
Financial expenses	7	(2,966,655)	(4,037,484)
Other gains and losses	5	60,690	41,193
Profit/(loss) before tax	6	460,149	(12,498,420)
Taxation	8	(59,362)	94,919
Profit/(loss) for the period		400,787	(12,403,501)
Attributable to:			
Owners of the company		398,002	(12,402,541)
Non-controlling interests		2,785	(960)
		400,787	(12,403,501)
		US$ cents	US$ cents
Earnings per share			
Basic and diluted from continuing operations		0,72	(22.35)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2016

	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Profit/(loss) for the period	400,787	(12,403,501)
Other comprehensive income/(loss)		
Exchange difference on translating foreign operations	969,199	(3,113,683)
Other comprehensive income/(loss) for the period	969,199	(3,113,683)
Total comprehensive income/(loss) for the period	1,369,986	(15,517,184)
Total comprehensive income/(loss) attributable to:		
Owners of the company	1,364,259	(15,499,206)
Non-controlling interests	5,727	(17,978)
	1,369,986	(15,517,184)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	As at 31 March 2016 US$	As at 31 December 2015 US$
ASSETS			
Non-current assets			
Property, plant and equipment	9	23,769,623	23,504,905
Intangible assets	10	2,787,332	2,752,302
Available-for-sale financial assets	11	11,794	11,794
Goodwill	27	1,617,013	1,555,972
Deferred tax assets	20	1,601,195	1,490,607
Total non-current assets		29,786,957	29,315,580
Current assets			
Inventories	12	110,739,891	96,921,653
Trade receivables	13	183,135,924	217,466,159
Other current assets	14	15,381,724	13,695,820
Derivative financial asset	25	307,137	1,069,705
Current taxation	8	506,224	722,723
Cash at bank and in hand	26	22,852,124	22,383,203
Total current assets		332,923,024	352,259,263
Total assets		362,709,981	381,574,843
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		48,073,332	46,706,131
Equity attributable to owners of the parent		82,691,575	81,324,374
Non-controlling interests		163,773	155,261
Total equity		82,855,348	81,479,635
Non-current liabilities			
Long term borrowings	17	1,741,467	1,840,933
Other long term liabilities	18	369,783	366,588
Deferred tax liabilities	20	56,677	54,591
Total non-current liabilities		2,167,927	2,262,112
Current liabilities			
Trade payables		149,720,049	190,693,046
Other current liabilities	21	24,773,307	19,857,706
Short term borrowings	16	101,899,022	86,670,131
Derivative financial liability	24	1,062,736	124,563
Current taxation	8	231,592	487,650
Total current liabilities		277,686,706	297,833,096
Total liabilities		279,854,633	300,095,208
Total equity and liabilities		362,709,981	381,574,843

The financial statements were approved by the Board of Directors on 11 May 2016.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016

	Attributable to the owners of the parent							
	Share capital US$	**Share premium US$**	**Treasury stock US$**	**Translation of foreign operations US$**	**Retained earnings US$**	**Total US$**	**Non-controlling interests US$**	**Total US$**
Balance at 1 January 2015	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 2015 to 31 March 2015	-	-	-	(3,113,683)	-	(3,113,683)	(17,978)	(3,131,661)
Balance at 31 March 2015	11,100,000	23,518,243	(14,211)	(11,250,936)	64,602,594	87,955,690	147,713	88,103,403
(Loss)/profit for the period 1 April 2015 to 31 December 2015	-	-	-	-	(4,755,495)	(4,755,495)	6,576	(4,748,919)
Other comprehensive (loss)/profit for the period 1 April 2015 to 31 December 2015	-	-	-	(1,875,798)	-	(1,875,798)	972	(1,874,826)
Share-based payments	-	-	(23)	-	-	(23)	-	(23)
Balance at 31 December 2015	11,100,000	23,518,243	(14,234)	(13,126,734)	59,847,099	81,324,374	155,261	81,479,635
Profit for the period 1 January 2016 to 31 March 2016	-	-	-	-	398,002	398,002	2,785	400,787
Other comprehensive profit for the period 1 January 2016 to 31 March 2016	-	-	-	969,199		969,199	5,727	974,926
Balance at 31 March 2016	11,100,000	23,518,243	(14,234)	(12,157,535)	60,245,101	82,691,575	163,773	82,855,348

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016

	Note	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Profit/(loss) for the period before tax and minority interest		460,149	(12,498,420)
Adjustments for:			
Exchange difference arising on consolidation		512,761	(1,588,566)
Depreciation of property, plant and equipment	9	387,851	520,766
Amortisation of intangible assets	10	145,081	107,790
Profit/(loss) from the sale of property, plant and equipment and intangible assets	5	(24,115)	2,582
Provision for bad debts and receivables written off		209,412	1,799,342
Bad debts recovered	5	(242)	-
Interest received	7	(14,191)	(18,435)
Interest paid	7	1,157,405	1,563,129
Operating profit/(loss) before working capital changes		2,834,111	(10,111,812)
(Increase)/decrease in inventories		(13,818,237)	1,780,194
Decrease in trade receivables		34,121,064	70,679,027
Increase in other current assets		(923,337)	(913,145)
Decrease in trade payables		(40,972,997)	(112,718,781)
Increase/(decrease) in other current liabilities		5,853,774	(7,712,834)
Increase in other non-current liabilities		3,195	23,748
(Decrease)/increase in factoring creditors		(4,594,429)	6,020,517
Cash outflows from operations		(17,496,856)	(52,953,086)
Interest paid	7	(1,157,405)	(1,563,129)
Taxation paid, net	8	(199,906)	(305,091)
Net cash outflows from operating activities		(18,854,167)	(54,821,306)
Cash flows from investing activities			
Purchase of intangible assets	10	(180,293)	(1,317,456)
Purchase of property, plant and equipment	9	(256,279)	(117,253)
Proceeds from sale of property, plant and equipment and intangible assets		21,621	75,864
Interest received	7	14,191	18,435
Net cash outflows from investing activities		(400,760)	(1,340,410)
Cash flows from financing activities			
Repayments of long term loans and long term obligations under finance lease		(99,466)	(331,378)
Repayments of short term borrowings and short term obligations under finance lease		(495,804)	(2,422,454)
Net cash outflows from financing activities		(595,270)	(2,753,832)
Net decrease in cash and cash equivalents		(19,850,197)	(58,915,548)
Cash and cash equivalents at beginning of the period		4,289,856	29,416,259
Cash and cash equivalents at end of the period	26	(15,560,341)	(29,499,289)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

1. Incorporation and principal activities

Asbisc Enterprises Plc was incorporated in Cyprus on 9 November 1995 with limited liability. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2015 comprise the interim financial statements of the company and its subsidiaries (together referred to as the "group"). The group's and the company's principal activity is the trading and distribution of computer hardware and software. The main shareholder of the company is K.S. Holdings Limited, a company incorporated in Cyprus.

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

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements and they should be read in conjunction with the audited financial statements for the year ended 31 December 2015. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

These interim financial statements were authorised for issue by the company's Board of Directors on 11 May 2016.

(b) Use of judgments and estimates

Preparing the interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by Management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

Financial instruments comprise financial assets and financial liabilities. Financial assets mainly consist of bank balances, receivables and investments. Financial liabilities mainly consist of trade payables, factoring balances, bank overdrafts and loans. The Directors consider that the carrying amount of the company's/group's financial instruments approximate their fair value at the reporting date. Financial assets and financial liabilities carried at fair value through profit or loss represent foreign currency derivative contracts categorized as a Level 2 (inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the three months ended 31 March 2016 are consistent with those followed for the preparation of the annual financial statements for the year 2015 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 2016. The adoption of new and revised standards and interpretations did not have any material effect on the group's condensed consolidated financial statements.

4. Effects of seasonality

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

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5. Other gains and losses

	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Profit/(loss) on disposal of property, plant and equipment	24,115	(2,582)
Other income	18,570	32,736
Bad debts recovered	242	-
Rental income	17,763	11,039
	60,690	41,193

6. Profit/(loss) before tax

	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Profit/(loss) before tax is stated after charging :		
(a) Amortisation of intangible assets (Note 10)	145,081	107,163
(b) Depreciation (Note 9)	387,851	520,766
(c) Auditors' remuneration	104,787	70,883
(e) Directors' remuneration – executive (Note 28)	120,125	72,452
(e) Directors' remuneration – non-executive (Note 28)	556	7,780

7. Financial expense, net

	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Financial income		
Interest income	14,191	18,435
Other financial income	82,985	87,765
	97,176	106,200
Financial expense		
Bank interest	1,157,405	1,563,129
Bank charges	313,377	464,721
Derivative charges	194,133	183,412
Factoring interest	875,715	1,045,443
Factoring charges	76,687	159,885
Other financial expenses	13,240	27,675
Other interest	299,102	387,548
Net exchange loss	36,996	205,671
	2,966,655	4,037,484
Net	(2,869,479)	(3,931,284)

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8. Tax

	As at 31 March 2016 US$	As at 31 December 2015 US$
Receivable balance 1 January	(235,073)	(315,920)
Provision for the period/year	161,921	677,305
(Over)/under provision of prior year periods	(2,019)	13,000
Exchange difference on retranslation	445	67,654
Amounts paid, net	(199,906)	(677,112)
Net receivable balance 31 March/31 December	(274,632)	(235,073)

	As at 31 March 2016 US$	As at 31 December 2015 US$
Tax receivable	(506,224)	(722,723)
Tax payable	231,592	487,650
Net	(274,632)	(235,073)

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

	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Provision for the period	161,921	(225,579)
(Over)/under provision of prior years	(2,019)	12,819
Deferred tax charge (Note 20)	(100,540)	117,841
Charge/(credit) for the period	59,362	(94,919)

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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9. Property, plant and equipment

	Land and buildings US$	Computer hardware US$	Warehouse machinery US$	Motor vehicles US$	Furniture and fittings US$	Office equipment US$	Total US$
Cost							
At 1 January 2015	22,510,892	6,827,184	169,457	3,120,517	2,673,615	3,253,253	38,554,918
Additions	1,935,613	328,696	198,990	-	50,811	90,412	2,604,522
Disposals	-	(269,355)	-	(552,196)	(87,578)	(114,393)	(1,023,522)
Foreign exchange difference on retranslation	(1,091,328)	(449,694)	520	(314,559)	(252,719)	(361,533)	(2,469,313)
At 31 December 2015	23,355,177	6,436,831	368,967	2,253,762	2,384,129	2,867,739	37,666,605
Additions	43,549	143,155	6,005	54,281	-	9,289	256,279
Disposals	-	(13,385)	-	(116,532)	(654)	(6,535)	(137,106)
Foreign exchange difference on retranslation	387,236	127,288	115	29,751	48,904	40,071	633,365
At 31 March 2016	23,785,962	6,693,889	375,087	2,221,262	2,432,379	2,910,564	38,419,143
Accumulated depreciation							
At 1 January 2015	3,157,883	5,087,177	89,933	1,926,623	1,809,913	2,124,715	14,196,244
Charge for the year	566,795	709,590	25,909	312,223	189,056	238,568	2,042,141
Disposals	-	(258,328)	-	(387,553)	(29,578)	(114,393)	(789,852)
Foreign exchange difference on retranslation	(213,967)	(446,470)	670	(190,711)	(184,517)	(251,838)	(1,286,833)
At 31 December 2015	3,510,711	5,091,969	116,512	1,660,582	1,784,874	1,997,052	14,161,700
Charge for the period	74,856	147,201	9,695	58,052	43,353	54,694	387,851
Disposals	(2,495)	(13,385)	-	(116,532)	(654)	(6,535)	(139,601)
Foreign exchange difference on retranslation	52,156	94,573	90	24,407	39,746	28,598	239,570
At 31 March 2016	3,635,228	5,320,358	126,297	1,626,509	1,867,319	2,073,809	14,649,520
Net book value							
At 31 March 2016	20,150,734	1,373,531	248,790	594,753	565,060	836,755	23,769,623
At 31 December 2015	19,844,466	1,344,862	252,455	593,180	599,255	870,687	23,504,905

10. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2015	7,315,063	1,095,656	8,410,719
Additions	687,396	1,164,805	1,852,201
Disposals/ write-offs	(18,204)	(23,733)	(41,937)
Foreign exchange difference on retranslation	(133,040)	(4,634)	(137,674)
At 31 December 2015	7,851,215	2,232,094	10,083,309
Additions	155,530	24,763	180,293
Foreign exchange difference on retranslation	21,792	9,974	31,766
At 31 March 2016	8,028,537	2,266,831	10,295,368
Accumulated amortisation			
At 1 January 2015	5,926,972	1,045,280	6,972,252
Additions from acquisitions of subsidiaries	297,030	235,292	532,322
Disposals/ write-offs	(7,282)	(14,223)	(21,505)
Foreign exchange difference on retranslation	(124,600)	(27,462)	(152,062)
At 31 December 2015	6,092,120	1,238,887	7,331,007
Charge for the period	80,459	64,622	145,081
Foreign exchange difference on retranslation	23,302	8,646	31,948
At 31 March 2016	6,195,881	1,312,155	7,508,036
Net book value			
At 31 March 2016	1,832,656	954,676	2,787,332
At 31 December 2015	1,759,095	993,207	2,752,302

11. Available-for-sale financial assets

The details of the investments are as follows:

Name	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 31 March 2016 US$	As at 31 December 2015 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

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12. Inventories

	As at 31 March 2016 US$	As at 31 December 2015 US$
Goods in transit	6,653,764	9,746,106
Goods held for resale	108,540,343	91,463,696
Provision for slow moving and obsolete stock	(4,454,216)	(4,288,149)
	110,739,891	96,921,653

Movement in provision for slow moving and obsolete stock

	As at 31 March 2016 US$	As at 31 December 2015 US$
On 1 January	4,288,149	1,898,689
Net movement for the year	142,209	2,497,744
Exchange difference	23,858	(108,284)
On 31 March/31 December	4,454,216	4,288,149

13. Trade receivables

	As at 31 March 2016 US$	As at 31 December 2015 US$
Trade receivables	189,722,567	223,539,664
Allowance for doubtful debts	(6,586,643)	(6,073,505)
	183,135,924	217,466,159

14. Other current assets

	As at 31 March 2016 US$	As at 31 December 2015 US$
Deposits and advances to service providers	601,878	599,117
Employee floats	48,464	40,330
VAT and other taxes refundable	7,453,337	6,568,663
Other debtors and prepayments	7,278,045	6,487,710
	15,381,724	13,695,820

15. Share capital

	As at 31 March 2016 US$	As at 31 December 2015 US$
Authorised		
63,000,000 (2015: 63,000,000) shares of US$ 0.20 each	12,600,000	12,600,000
Issued and fully paid		
55,500,000 (2015: 55,500,000) ordinary shares of US$ 0.20 each	11,100,000	11,100,000

16. Short term borrowings

	As at 31 March 2016 US$	As at 31 December 2015 US$
Bank overdrafts (Note 26)	38,412,465	18,093,347
Current portion of long term loans	962,335	934,818
Bank short term loans	23,773,944	24,308,125
Short term obligations under finance leases (Note 19)	45,380	34,520
Total short term debt	63,194,124	43,370,810
Factoring creditors	38,704,898	43,299,321
	101,899,022	86,670,131

Summary of borrowings and overdraft arrangements

As at 31 March 2016 the group enjoyed factoring facilities of US$ 79,939,430 (31 December 2015: US$ 66,864,392). In addition, the group as at 31 March 2016 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 45,619,102 (31 December 2015: US$ 44,425,253)
- short term loans/revolving facilities of US$ 45,018,346 (31 December 2015: US$ 48,447,298)
- bank guarantee and letters of credit lines of US$ 6,919,821 (31 December 2015: US$ 8,725,281)

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 8.5% (for 2015: 9.5%).

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

- Floating charges over all assets of the company
- Mortgage on land and buildings that the group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees to the extent of facilities granted to subsidiary companies
- Assignment of insurance policies
- Pledged deposits of US$ 6,740,520 (31 December 2015: US$ 5,626,714)

17. Long term borrowings

	As at 31 March 2016 US$	As at 31 December 2015 US$
Bank loans	1,691,697	1,812,755
Long term obligations under finance leases (Note 19)	49,770	28,178
	1,741,467	1,840,933

18. Other long term liabilities

	As at 31 March 2016 US$	As at 31 December 2015 US$
Pension provision	369,783	366,588

19. Finance leases

	As at 31 March 2016 US$	As at 31 December 2015 US$
Obligation under finance lease	95,150	62,698
Less: Amount payable within one year	(45,380)	(34,520)
Amounts payable within 2-5 years inclusive	49,770	28,178

20. Deferred tax

	As at 31 March 2016 US$	For the year ended 31 December 2015 US$
Debit balance on 1 January 2015	(1,436,016)	(863,287)
Deferred tax credit for the period/year (Note 8)	(100,540)	(599,558)
Exchange difference on retranslation	(7,962)	26,829
Debit balance on 31 March/31 December	(1,544,518)	(1,436,016)

	As at 31 March 2016 US$	For the year ended 31 December 2015 US$
Deferred tax assets	(1,601,195)	(1,490,607)
Deferred tax liabilities	56,677	54,591
Net deferred tax assets	(1,544,518)	(1,436,016)

21. Other current liabilities

	As at 31 March 2016 US$	As at 31 December 2015 US$
Salaries payable and related costs	1,238,440	1,173,825
VAT payable	5,798,829	6,624,220
Accruals and deferred income	15,408,049	10,979,387
Non-trade accounts payable	2,327,989	1,080,274
	24,773,307	19,857,706

22. Commitments and contingencies

As at 31 March 2016 the group was committed in respect of purchases of inventories of a total cost value of US$ 229,349 (31 December 2015: US$ 2,010,060) which were in transit at 31 March 2016 and delivered in April 2016. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase, title of the goods has not passed to the group at period end.

As at 31 March 2016 the group was contingently liable in respect of bank guarantees and letters of credit lines of US$ 6,919,821 (31 December 2015: US$ 8,725,281) which the group has extended mainly to its suppliers.

As at 31 March 2016 the group had no other capital or legal commitments and contingencies.

23. Operating segments

1.1 Reportable segments

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

1.2 Segment revenues

	As at 31 March 2016 US$	As at 31 December 2015 US$
Central Eastern Europe	99,413,009	129,523,750
Former Soviet Union	73,925,514	80,505,288
Middle East & Africa	43,870,796	41,888,230
Western Europe	22,767,704	15,106,342
Other	9,117,591	14,785,144
	249,094,614	281,808,754

1.3 Segment results

	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Former Soviet Union	1,702,899	(6,571,835)
Central Eastern Europe	1,258,597	259,597
Western Europe	54,256	(938,547)
Middle East & Africa	231,013	(613,564)
Other	22,173	(743,980)
Profit/(loss) from operations	3,268,938	(8,608,329)
Net financial expenses	(2,869,479)	(3,931,284)
Other gains and losses	60,690	41,193
Profit/(loss) before taxation	460,149	(12,498,420)

23. Operating segments (continued)

1.4 Segment capital expenditure (CAPEX)

	As at 31 March 2016 US$	As at 31 December 2015 US$
Central Eastern Europe	12,710,278	12,158,485
Former Soviet Union	4,027,510	4,105,812
Middle East & Africa	3,360,051	3,406,971
Western Europe	78,607	85,910
Unallocated	7,997,522	8,056,001
	28,173,968	27,813,179

1.5 Segment depreciation and amortisation

	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Central Eastern Europe	187,585	204,537
Former Soviet Union	64,149	131,055
Middle East & Africa	55,878	63,657
Western Europe	10,381	7,554
Unallocated	214,939	221,753
	532,932	628,556

1.6 Segment assets

	As at 31 March 2016 US$	As at 31 December 2015 US$
Central Eastern Europe	134,086,679	159,681,004
Former Soviet Union	92,605,530	101,836,477
Middle East & Africa	58,621,144	50,096,896
Western Europe	35,169,349	24,880,728
Total	320,482,702	336,495,105
Assets allocated in capital expenditure (1.4)	28,173,968	27,813,179
Other unallocated assets	14,053,311	17,266,559
Consolidated assets	362,709,981	381,574,843

24. Derivative financial liability

	As at 31 March 2016 US$	As at 31 December 2015 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	1,062,736	124,563

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25. Derivative financial asset

	As at 31 March 2016 US$	As at 31 December 2015 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	307,137	1,069,705

26. Cash and cash equivalents

	As at 31 March 2016 US$	As at 31 December 2015 US$
Cash at bank and in hand	22,852,124	22,383,203
Bank overdrafts (Note 16)	(38,412,465)	(18,093,347)
	(15,560,341)	4,289,856

The cash at bank and in hand balance includes an amount of US$ 6,740,520 (31 December 2015: US$ 5,626,714) which represents pledged deposits.

27. Goodwill

	As at 31 March 2016 US$	As at 31 December 2015 US$
At 1 January	1,555,972	1,734,340
Foreign exchange difference on retranslation	61,041	(178,368)
At 31 March/31 December (note i)	1,617,013	1,555,972

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

	As at 31 March 2016 US$	As at 31 December 2015 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	395,240	381,349
SHARK Computers a.s.	1,221,773	1,174,623
	1,617,013	1,555,972

28. Transactions and balances of key management

	For the three months ended 31 March 2016 US$	For the three months ended 31 March 2015 US$
Directors' remuneration – executive (Note 6)	120,125	72,452
Directors' remuneration - non executive (Note 6)	556	7,780
	120,681	80,232

29. Business combinations

Disposals of subsidiaries to 31 December 2015

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 Taiwan Co. Ltd	Information Technology	13 April 2015	100%

30. Fair values

Financial instruments comprise financial assets and financial liabilities. Financial assets mainly consist of bank balances, receivables and investments. Financial liabilities mainly consist of trade payables, factoring balances, bank overdrafts and loans. The Directors consider that the carrying amount of the company's/group's financial instruments approximate their fair value at the reporting date. Financial assets and financial liabilities carried at fair value through profit or loss represent foreign currency derivative contracts categorized as a Level 2 (inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).