ASBISc Enterprises Plc

ASBIS®

# INTERIM REPORT
# FOR THE THREE AND NINE MONTHS
# ENDED 30 SEPTEMBER 2017

Limassol, November 7th, 2017

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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 30 September 2017. 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 Apple, Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft, Toshiba, Dell, Acer, 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 and nine month periods ended 30 September 2017

During Q3 2017 the Company has significantly improved its results as compared to Q3 2016. Revenues grew by 35%, with expenses growing at lower levels thus the net profitability improved by more than 50% year-on-year. Having seen Q3 2017 results, the Company's Directors believe that in the remaining of the year the Company will continue its strong performance and deliver the forecasted results, while cash flow from operations is expected to turn positive.

The Q3 2017 results were in line with the Company budget, and it is expected that a similar trend will continue for Q4 2017. Thus, it is the management's belief that the projected numbers will be met.

**The principal events of the three months ended 30 September 2017 were as follows:**

- Revenues in Q3 2017 have strongly increased by 35.04% to U.S.$ 372,787 from U.S.$ 276,052 in Q3 2016. The main drivers of this growth have been the development of sales of Apple products and storage solutions.

- Gross profit in Q3 2017 increased by 18.39% to U.S.$ 19,974 from U.S.$ 16,872 in Q3 2016.

- Gross profit margin in Q3 2017 reached 5.36% from 6.11% in Q3 2016.

- Selling expenses in Q3 2017 have increased by 26.68% to U.S. $ 8,937 from U.S. $ 7,055, mainly due to gross profitability growth.

- Administrative expenses in Q3 2017 have increased by only 3.40% to U.S. $ 4.441 from U.S. $ 4.294 in Q3 2016.

- EBITDA in Q3 2017 was significantly higher year-on-year and reached U.S.$ 7,170 as compared to U.S. $ 6,058 in Q3 2016, an improvement of 18.34%.

- As a result of growth in revenues and EBITDA, the Group's net result has improved as compared to all previous quarters of 2017 and the corresponding period of last year. In Q3 2017, the Group's net profit after tax improved by 51.04% to U.S. $ 2,085, as compared to U.S. $ 1,380 in Q3 2016.

The following table presents revenues breakdown by regions in the three month periods ended September 30th, 2017 and 2016 respectively (in U.S.$ thousand):

| Region | Q3 2017 | Q3 2016 | Change % |
|---|---|---|---|
| **Former Soviet Union** | 177,634 | 123,374 | +43.98% |
| **Central and Eastern Europe** | 129,233 | 95,153 | +35.82% |
| **Middle East and Africa** | 39,211 | 38,883 | +0.84% |
| **Western Europe** | 22,450 | 10,555 | +112.69% |
| **Other** | 4,258 | 8,087 | -47.34% |
| **Grand Total** | **372,787** | **276,052** | **+35.04** |

**The principal events of the nine month period ended September 30th, 2017, were as follows:**

- Revenues in Q1-Q3 2017 increased by 21.93% to U.S.$ 943,118 from U.S.$ 773,467 in the corresponding period of 2016.

- Gross profit in Q1-Q3 2017 increased by 13.50% to U.S.$ 50,215 from U.S. $ 44,243 in the corresponding period of 2016.

- Gross profit margin in Q1-Q3 2017 reached 5.32% from 5.72% in the corresponding period of 2016.

- Selling expenses in Q1-Q3 2017 increased by 16.84% to U.S. $ 23,057 from U.S. $ 19,734 in the corresponding period of 2016.

- Administrative expenses in Q1-Q3 2017 increased by 4.07% to U.S. $ 12,662 from U.S. $12,167 in the corresponding period of 2016.

- EBITDA in Q1-Q3 2017 amounted to U.S. $ 16,155, as compared to U.S. $ 13,929 in the corresponding period of 2016.

- As a result, in Q1-Q3 2017 the Company improved its net profit after taxation by 54.70% to U.S. $ 3,096, as compared to U.S. $ 2,001 in the corresponding period of 2016.

The following table presents revenues breakdown by regions in the nine month periods ended September 30th, 2017 and 2016 respectively (in U.S.$ thousand):

| Region | Q1-Q3 2017 | Q1-Q3 2016 | Change % |
|---|---|---|---|
| **Former Soviet Union** | 446,325 | 291,252 | +53.24% |
| **Central and Eastern Europe** | 311,886 | 296,689 | +5.12% |
| **Middle East and Africa** | 112,834 | 119,324 | -5.44% |
| **Western Europe** | 64,073 | 40,186 | +59.44% |
| **Other** | 8,000 | 26,015 | -69.25% |
| **Grand Total** | **943,118** | 773,467 | **+21.93%** |

## 3. Summary historical financial data

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

For your convenience, certain U.S. $ amounts as of and for the three and nine months ended September 30th, 2017 and 2016, have been converted into Euro and PLN as follows:

- Individual items of the balance sheet – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet date December 31st, 2016, that is: 1 US$ = 4.1793 PLN and 1 EUR = 4.4240 PLN and September 30th, 2017, that is: 1 US$ = 3.6519 PLN and 1 EUR = 4.3091 PLN.

- Individual items in the income statement and cash flow statement – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period July 1st to September 30th, 2016, that is 1 US$ = 3.9001 PLN and 1 EUR = 4.3453 PLN and July 1st to September 30th, 2017, that is 1 US$ = 3.6202 PLN and 1 EUR = 4.2751 PLN.

- Individual items in the income statement and cash flow statement – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period January 1st to September 30th, 2016, that is 1 US$ = 3.9240 PLN and 1 EUR = 4.3688 PLN and January 1st to September 30th, 2017, that is 1 US$ = 3.8043 PLN and 1 EUR = 4.2566 PLN.

| | Period from 1 July to 30 September 2017 | | | Period from 1 July to 30 September 2016 | | |
|---|---|---|---|---|---|---|
| | USD | PLN | EUR | USD | PLN | EUR |
| **Revenue** | **372,787** | **1,349,562** | **315,680** | **276,052** | **1,076,632** | **247,769** |
| Cost of sales | (352,812) | (1,277,252) | (298,765) | (259,180) | (1,010,830) | (232,626) |
| **Gross profit** | **19,974** | **72,310** | **16,914** | **16,872** | **65,802** | **15,143** |
| Selling expenses | (8,937) | (32,353) | (7,568) | (7,055) | (27,513) | (6,332) |
| Administrative expenses | (4,441) | (16,075) | (3,760) | (4,294) | (16,748) | (3,854) |
| **Profit from operations** | **6,597** | **23,881** | **5,586** | **5,523** | **21,540** | **4,957** |
| Financial expenses | (4,232) | (15,322) | (3,584) | (3,862) | (15,061) | (3,466) |
| Financial income | 536 | 1,942 | 454 | 135 | 526 | 121 |
| Other gains and losses | (250) | (905) | (212) | 27 | 107 | 25 |
| **Profit before taxation** | **2,651** | **9,597** | **2,245** | **1,824** | **7,112** | **1,637** |
| Taxation | (566) | (2,051) | (480) | (444) | (1,730) | (398) |
| **Profit for the period** | **2,085** | **7,546** | **1,765** | **1,380** | **5,383** | **1,239** |
| Attributable to: | | | | | | |
| Non-controlling interests | (15) | (55) | (13) | 6 | 23 | 5 |
| **Equity holders of the parent** | **2,100** | **7,602** | **1,778** | **1,374** | **5,360** | **1,234** |

| | USD (cents) | PLN (grosz) | EUR (cents) | USD (cents) | PLN (grosz) | EUR (cents) |
|---|---|---|---|---|---|---|
| Basic and diluted earnings per share from continuing operations | 3.78 | 13.70 | 3.20 | 2.48 | 9.66 | 2.22 |

| | Period from 1 July to 30 September 2017 | | | Period from 1 July to 30 September 2016 | | |
|---|---|---|---|---|---|---|
| | USD | PLN | EUR | USD | PLN | EUR |
| Net cash (outflows)/inflows from operating activities | (3,137) | (11,357) | (2,657) | 4,272 | 16,661 | 3,834 |
| Net cash outflows from investing activities | (546) | (1,975) | (462) | (684) | (2,668) | (614) |
| Net cash outflows from financing activities | (128) | (462) | (108) | (3,421) | (13,342) | (3,070) |
| **Net (decrease)/increase in cash and cash equivalents** | **(3,811)** | **(13,795)** | **(3,227)** | **167** | **651** | **150** |
| **Cash at the beginning of the period** | **(7,360)** | **(26,643)** | **(6,232)** | **(30,539)** | **(119,106)** | **(27,410)** |
| **Cash at the end of the period** | **(11,170)** | **(40,438)** | **(9,459)** | **(30,372)** | **(118,455)** | **(27,261)** |

| | As at 30 September 2017 | | | As at 31 December 2016 | | |
|---|---|---|---|---|---|---|
| | USD | PLN | EUR | USD | PLN | EUR |
| Current assets | 375,464 | 1,371,157 | 318,200 | 387,011 | 1,617,435 | 365,605 |
| Non-current assets | 28,749 | 104,989 | 24,365 | 28,475 | 119,004 | 26,900 |
| Total assets | **404,213** | **1,476,146** | **342,565** | **415,486** | **1,736,439** | **392,504** |
| Liabilities | 314,068 | 1,146,946 | 266,168 | 329,591 | 1,377,459 | 311,360 |
| Equity | 90,145 | 329,201 | 76,397 | 85,895 | 358,980 | 81,144 |

| | Period from 1 January to 30 September 2017 | | | Period from 1 January to 30 September 2016 | | |
|---|---|---|---|---|---|---|
| | USD | PLN | EUR | USD | PLN | EUR |
| **Revenue** | **943,118** | **3,587,903** | **842,904** | **773,467** | **3,035,083** | **694,718** |
| Cost of sales | (892,903) | (3,396,869) | (798,024) | (729,223) | (2,861,473) | (654,979) |
| **Gross profit** | **50,215** | **191,034** | **44,880** | **44,243** | **173,611** | **39,739** |
| Selling expenses | (23,057) | (87,714) | (20,607) | (19,734) | (77,437) | (17,725) |
| Administrative expenses | (12,662) | (48,170) | (11,317) | (12,167) | (47,742) | (10,928) |
| **Profit from operations** | **14,497** | **55,150** | **12,956** | **12,342** | **48,432** | **11,086** |
| Financial expenses | (10,781) | (41,014) | (9,635) | (10,400) | (40,809) | (9,341) |
| Financial income | 911 | 3,466 | 814 | 400 | 1,571 | 360 |
| Other gains and losses | (693) | (2,635) | (619) | 188 | 736 | 168 |
| **Profit before taxation** | **3,935** | **14,968** | **3,516** | **2,530** | **9,929** | **2,273** |
| Taxation | (839) | (3,191) | (750) | (529) | (2,077) | (475) |
| **Profit for the period** | **3,096** | **11,777** | **2,767** | **2,001** | **7,852** | **1,797** |
| Attributable to: | | | | | | |
| Non-controlling interests | (26) | (98) | (23) | 13 | 51 | 12 |
| **Equity holders of the parent** | **3,122** | **11,875** | **2,790** | **1,988** | **7,802** | **1,786** |

| | USD (cents) | PLN (grosz) | EUR (cents) | USD (cents) | PLN (grosz) | EUR (cents) |
|---|---|---|---|---|---|---|
| Basic and diluted earnings per share from continuing operations | 5.62 | 21.40 | 5.03 | 3.58 | 14.06 | 3.22 |

| | **USD** | **PLN** | **EUR** | **USD** | **PLN** | **EUR** |
|---|---|---|---|---|---|---|
| Net cash outflows from operating activities | (22,002) | (83,703) | (19,664) | (28,932) | (113,529) | (25,986) |
| Net cash outflows from investing activities | (1,366) | (5,197) | (1,221) | (1,418) | (5,564) | (1,274) |
| Net cash inflows/(outflows) from financing activities | 5,661 | 21,537 | 5,060 | (4,312) | (16,921) | (3,873) |
| **Net decrease in cash and cash equivalents** | **(17,707)** | **(67,362)** | **(15,825)** | **(34,662)** | **(136,014)** | **(31,133)** |
| **Cash at the beginning of the period** | **6,537** | **24,868** | **5,842** | **4,290** | **16,833** | **3,853** |
| **Cash at the end of the period** | **(11,170)** | **(42,494)** | **(9,983)** | **(30,372)** | **(119,181)** | **(27,280)** |

## 4. Organization of ASBIS Group

The following table presents our corporate structure as at September 30th, 2017:

| **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) |
| 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) |
| 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) |
| 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 Computers a.s. (merged with SHARK ONLINE 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) |
| I ON LTD (Kiev, Ukraine) | Full (100% subsidiary) |
| ASBC LLC (Baku, Azerbaijan) | Full (51% ownership) |
| ASBIS Cloud Ltd (Moscow, Russia) | Full (85% ownership) |
| ASBIS SERVIC Ltd (Kiev, Ukraine) | Full (100% ownership) |

## 5. Changes in the structure of the Company

During the three months ended September 30th, 2017 there have been the following changes in the structure of the Company and the Group:

- on September 18th, 2017 a company named ASBIS Cloud Ltd with share capital of RUB 8.000.000 has been created in Russia.
  The issuer holds 85% in this subsidiary, being equal to share capital of RUN 6.800.000. The other 15% is held by the incorporated subsidiary's managing director, Mr. Alexey Krutitsky.
  This entity was incorporated to support the Group's growing business of big cloud and data center projects in Russia.
- on November 3rd, 2017 the Board of Directors has been informed about correct establishing of new subsidiary in Ukraine named ASBIS SERVIC Ltd with a share capital of UAH 3.300.000.
  The Issuer’s subsidiary ASBIS Ukraine Limited holds 99,9999% in this subsidiary, being equal to share capital of UAH 3.299.670. The other 0,0001% is held by the incorporated subsidiary’s managing director, Mr. Serhey V. Maslen.
  This entity was incorporated to serve as a warranty service provider for the Group and third party customers.

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

We have not published any forecasts for the three months period ended September 30th, 2017.

However, on March 29th, 2017 the Company announced its official financial forecast for 2017. Having seen Q3 2017 results, we fully sustain our forecast that assumes revenues between USD 1,20 billion and 1,30 billion and net profit after tax between USD 5 and USD 6 million.

## 7. Information on dividend payment

Following the Board of Directors' recommendation and the Annual General Meeting of Shareholders decision, a dividend of U.S.$ 0.03 per share has been paid out on July 14th 2017. The Dividend record date was June 21st, 2017.

## 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% |
| NN 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 amended by the notification from July 14th, 2015.

In the three month period ended on September 30th, 2017 the Company received the following information about changes in the shareholders' structure:

(1) On September 13th, 2017 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following to sale of the Company's shares on September 5th, 2017 share of Noble Funds Fundusz Inwestycyjny Otwarty managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. descended below the threshold of 5% of total number of votes at the Company's General Meeting of Shareholders.
According to the notification, before the abovementioned purchase of shares the Fund had 2 799 338 Company's shares that were equal to 5,04% in the Company's share capital and had 2 799 338 votes from these shares, that were equal to 5,04% of total number of votes.
According to the notification, after the abovementioned purchase of shares the Fund hold 2 704 048 Company's shares, equal to 4,87% in the Company's share capital and have 2 704 048 votes from these shares, equal to 4,87% of total number of votes.
According to the notification with respect to the Fund there are no subsidiaries, holding shares of the Company and persons referred to in Article 87 paragraph 1 point 3 letter c of the Act on Public Offering.
According to the notification the Fund does not have the votes to the shares calculated in the manner specified in Article 69b paragraph 2 and 3 of the Act on Public Offering.

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

During the three-month period ended on 30 September 2017 as well as for the period between August 8th, 2017 (the date of the publication of the Interim Report for H1 2017) and November 7th, 2017 (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 | 463,061 | 0.83% |
| 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 September 30th, 2017 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 September 30th, 2017, 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 nine months ended September 30th, 2017 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.$ 147,628 at December 31st, 2016 to 170,191 at September 30th, 2017, 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 September 30th, 2017 was U.S. $ 15,455 – as per note number 16 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 have 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 and nine month period ended September 30th, 2017, 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, warranty claims and high cost of debt. Revenues in Q3 and 9M 2017 have grown significantly as compared to Q3 and the nine months of 2016 while gross profit margin was lower mainly due to high margin in the corresponding period of last year. This result is considered very satisfactory, however we can not be certain for the future and the factors below may negatively affect the Group's results:

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

Throughout the years of operation, the Company has suffered from specific in-country crises (i.e., Russia and Ukraine in 2014 and 2015), because risk of in-country crises is quite high. We need to monitor any developments, react fast and weather any risks driven by external unforeseen factors in order to secure our results.

As previously mentioned, we have adapted to the situation in Russia and Ukraine, and our results in these countries have started to improve. In Russia, we have decided to focus on profits. For this reason, the Group is selective on the deals to undertake and the customers to engage with. However, we need to keep in mind, that different in-country problems might arise at any time and affect our operations, as the recent examples of Romania and Poland. Fortunately, our procedures that have significantly improved after 2014, allow us to react fast enough and mitigate risks and possible loses.

***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 still 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. The management believe that hedging is very important in our industry and we shall continue enhancing it going forward, by adopting to new realities and finding solutions to hedge all exotic currencies in the region.
In 2017 to date, US Dollar was weakening towards the Euro and other local currencies we sell in. Despite the fact that our hedging is set to limit any impact from the currencies (irrespective if its positive or negative), weaker US Dollar translated to more attractive selling prices denominated in local currencies. Should this trend continue, we expect the demand to continue to grow at the same pace.

***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 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.

In the same time, we see opportunities arising from specifics of particular markets, like in case of Ukraine, where we have managed to win market share from weaker competitors.

***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 new entrants and the margins have been 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 for 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 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 a proper level of inventory. Following an upgrade in our procedures done in 2015, we have not had any problems related to this issue since then.

***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 changes in credit rating of certain countries and regions where 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. Credit insurance companies are being more strict and risk averse to certain regions they have suffered from significant default cases. A major change happened in the GCC area where the credit insurers smashed the credit limit granted due to an extensive number of run-away cases. The Group, despite the fact that it has not been directly affected by these events, has decided to enhance its risk management proceedures. These do not guarantee that all issues will be avoided, however granted the Company with confidence that is in a position to weather any possible major credit issue that may arise.

***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 Russia 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. However, with the experience we have gained (lately in Russia and Ukraine), the management strongly believe that the Company is much more flexible and 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 we continue to develop the own brand business that allows for higher gross profit margins. This includes 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.

In order to keep quality under control and get the maximum possible gross profit margins, the Company decided go under a back-to-back scheme. Thus overall revenues from own brands sales are limited to the extent we decide is the best from the point of view of overall profitability. As a result we enjoy improvements in our total results, while any quality related risks are weathered.

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 sufficient. Moreover, competition has already been intensified and the Company may not be able to sustain its profitability levels.

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

This risk has negatively affected our results in the past when certain ODMs have not honored their contractual obligations on products with epidemic failure. The Group is undertaking all possible steps towards ensuring proper compensation of past expenses. In the same time, in an effort to avoid such problems in the future, a much more scrutinized selection of suppliers is currently in place, which however, does not guarantee 100% elimination of the risk of warranty losses.

***High cost of debt***

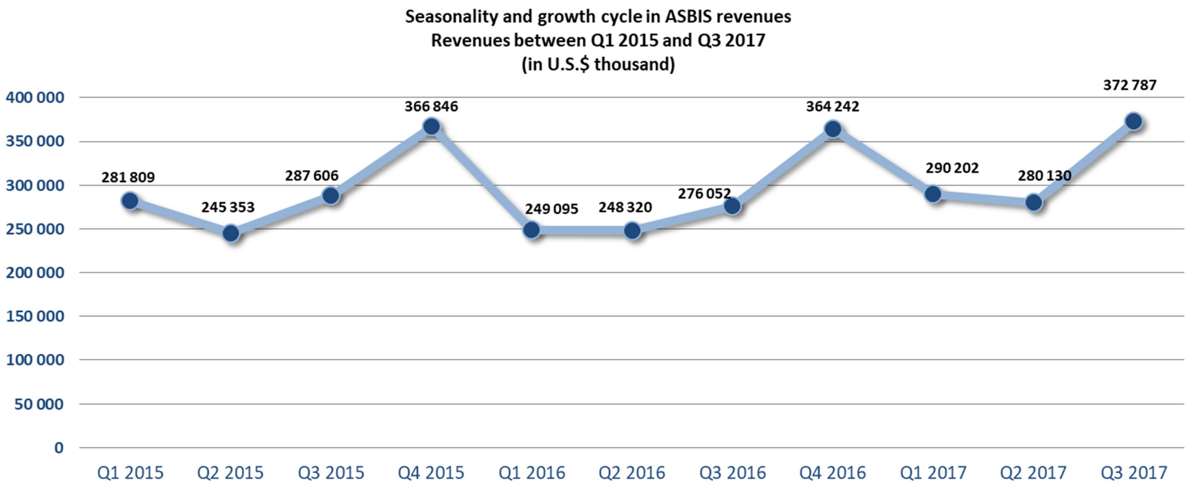
Distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however in certain cases the cost of this financing is expensive. The Company has already negotiated better terms with some of its supply-chain financiers 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 our average cost of debt.

We have already successfully decreased the cost of financing lines, however the cost of factoring (especially in F.S.U. countries) remains at high levels, thereby increasing the average cost of debt. Fortunately, factoring expense is a function of revenues. Thus it only grows when revenues and profits grow.

***Results of operations***

**Three and nine month periods ended 30 September 2017 compared to the three and nine month periods ended 30 September 2016:**

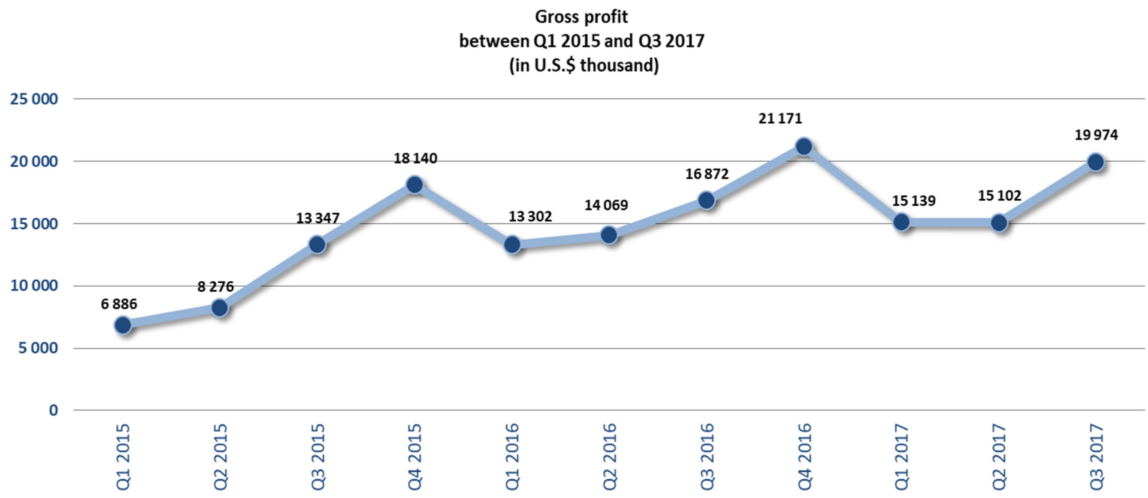
**Revenues:** Revenues in Q3 and the nine months of 2017 significantly increased as compared to the corresponding periods of 2016 and we expect this upward trend to continue in Q4 2017.
Revenues in Q3 2017 have increased by 35.04% to U.S.$ 372,787 from U.S.$ 276,052 in Q3 2016.
Revenues in Q1-Q3 2017 increased by 21.93% to U.S.$ 943,118 from U.S.$ 773,467 in the corresponding period of 2016.



- **Gross profit:** Gross profit has increased significantly both in Q3 2017 and 9M 2017 compared to the corresponding periods of 2016, similarly to revenues.

  Gross profit in Q3 2017 increased by 18.39% to U.S.$ 19,974 from U.S.$ 16,872 in Q3 2016.

  Gross profit in Q1-Q3 2017 increased by 13.50% to U.S.$ 50,215 from U.S. $ 44,243 in the corresponding period of 2016.




- **Gross profit margin:** has continued to stabilize at similar levels as in previous quarters of 2017.

  Gross profit margin in Q3 2017 decreased to 5.36% from 6.11% in Q3 2016.

  Gross profit margin in Q1-Q3 2017 decreased to 5.32% from 5.72% in the corresponding period of 2016.

- **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.

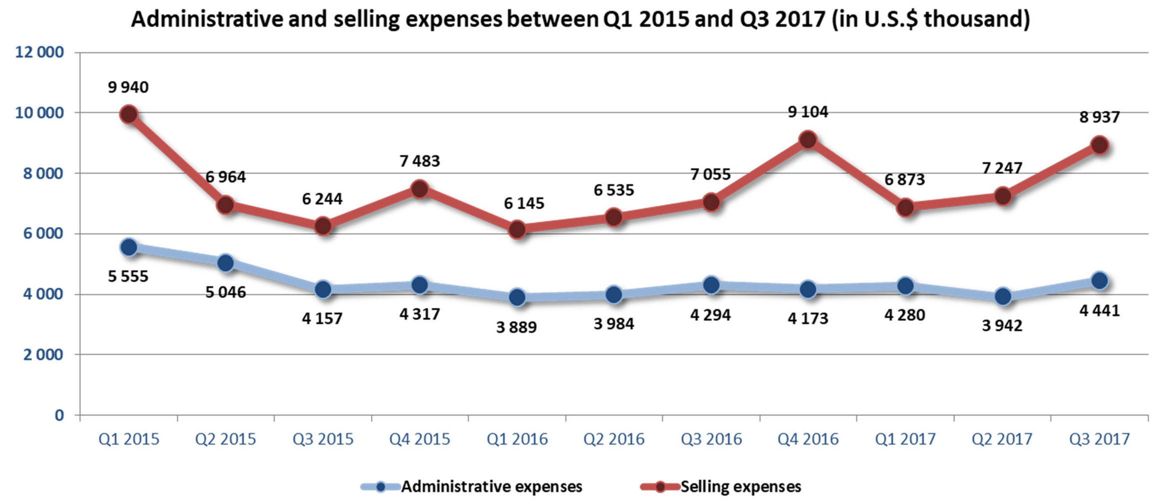
  Selling expenses in Q3 2017 have increased by 26.68% to U.S. $ 8,937 from U.S. $ 7,055 in Q3 2016.

  Selling expenses in Q1-Q3 2017 increased by 16.84% to U.S. $ 23,057 from U.S. $ 19,734 in the corresponding period of 2016.

- **Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense. In Q3 2017 we continued to have it stabilized.

  Administrative expenses in Q3 2017 have increased by only 3.40% to U.S. $ 4,441 from U.S. $ 4,294 in Q3 2016.

  Administrative expenses in Q1-Q3 2017 increased by 4.07% to U.S. $ 12,662 from U.S. $12,167 in the corresponding period of 2016.




- **Operating profit:** The Company improved its operating profit significantly both in Q3 and for 9M 2017.

  In Q3 2017 the Company had an operating profit of U.S. $ 6,597, as compared to U.S. $ 5,523 in Q3 2016.

  For Q1-Q3 2017 operating profit amounted to U.S.$ 14,497 as compared to U.S.$ 12,342 in Q1-Q3 2016.

- **EBITDA:** In Q3 2017 EBITDA was significantly higher compared to Q3 2016 and reached U.S.$ 7,170 as compared to U.S. $ 6,058 in Q3 2016 (an improvement of 18.34%).

  EBITDA in Q1-Q3 2017 amounted to U.S. $ 16,155, as compared to U.S. $ 13,929 in the corresponding period of 2016.

- **Net profit:** As a result of growth in revenues and gross profit with expenses that remained under control, the Group net result has improved as compared to all previous quarters of 2017 and the corresponding period of last year. In Q3 2017, the Group's net profit after tax improved by 51.04% to U.S. $ 2,085, as compared to U.S. $ 1,380 in Q3 2016.

  In Q1-Q3 2017 the Group improved its net profit after taxation by 54.70% to U.S. $ 3,096, as compared to U.S. $ 2,001 in the corresponding period of 2016.

**Sales by regions and countries**

The F.S.U. and the CEE regions traditionally contribute the majority of revenues. This has not changed in Q3 and for 9M 2017. In Q3 2017 sales in both of these territories grew significantly, while revenues in F.S.U. grew by 43.98% and in CEE by 35.82%. As a result, for the 9M of 2017 sales in the F.S.U. region grew by 53.24% while sales in CEE grew by 5.12%, The difference in growth rate for the nine months results from our strong focus on F.S.U. in the first part of the year, while we have started to increase our sales in CEE from the second part of the year. Strong upward trend in sales for both territories should remain in place in the near future. Following all the above mentioned changes, the F.S.U. share in our total revenues grew to 47.24% in 9M 2017 from 37.66% in 9M 2016. We have also significantly improved our sales in Western Europe, while our sales in MEA region remained stable year-on-year.

Country-by-country analysis reveals a better understanding of the above mentioned trends. Growth in F.S.U. has arisen from a continuous improvement in Russia (+9.62% in Q3 2017 and +30.02% in 9M 2017), Ukraine (+52.90% in Q3 2017 and +43.96% in 9M 2017), Kazakhstan (+111.99% in Q3 2017 and +155.26% in 9M 2017) and Belarus (+47.40% in Q3 2017 and +43.48% in 9M 2017). At the same time, strong growth in CEE in Q3 2017 and more tempered growth in this region for 9M 2017 is a result of tendencies in Slovakia (+19.41% in Q3 2017 and -15.97% in 9M 2017), Czech Republic (+35.10% in Q3 2017 and +21.36% in 9M 2017) and Romania (+93.11% in Q3 2017 and +38.99% in 9M 2017). The MEA result is mainly determined by revenues in UAE (-4.61% in Q3 2017 and -1.31% in 9M 2017).

The tables below provides a geographical breakdown of sales in the three and nine month periods ended 30 September 2017 and 2016.

| | Q3 2017 | | Q3 2016 | |
|---|---|---|---|---|
| | U.S. $ thousand | % of total revenues | U.S. $ thousand | % of total revenues |
| **Former Soviet Union** | 177,634 | 47.65% | 123,374 | 44.69% |
| **Central and Eastern Europe** | 129,233 | 34.67% | 95,153 | 34.47% |
| **Middle East and Africa** | 39,211 | 10.52% | 38,883 | 14.09% |
| **Western Europe** | 22,450 | 6.02% | 10,555 | 3.82% |
| **Other** | 4,258 | 1.14% | 8,087 | 2.93% |
| **Total** | 372,787 | 100% | 276,052 | 100% |

| | Q1-Q3 2017 | | Q1-Q3 2016 | |
|---|---|---|---|---|
| | U.S. $ thousand | % of total revenues | U.S. $ thousand | % of total revenues |
| **Former Soviet Union** | 446,325 | 47.32% | 291,252 | 37.66% |
| **Central and Eastern Europe** | 311,886 | 33.07% | 296,689 | 38.36% |
| **Middle East and Africa** | 112,834 | 11.96% | 119,324 | 15.43% |
| **Western Europe** | 64,073 | 6.79% | 40,186 | 5.20% |
| **Other** | 8,000 | 0.85% | 26,015 | 3.36% |
| **Total** | 943,118 | 100% | 773,467 | 100% |

**Revenue breakdown – Top 10 countries in Q3 2017 and Q3 2016 (in U.S. Dollar thousand)**

| | Q3 2017 | | Q3 2016 | |
|---|---|---|---|---|
| | Country | Sales | Country | Sales |
| **1.** | **Russia** | 60,673 | **Russia** | 55,346 |
| **2.** | **Ukraine** | 53,427 | **Slovakia** | 35,823 |
| **3.** | **Slovakia** | 42,775 | **Ukraine** | 34,943 |
| **4.** | **Kazakhstan** | 34,503 | **United Arab Emirates** | 30,035 |
| **5.** | **United Arab Emirates** | 28,649 | **Czech Republic** | 16,365 |
| **6.** | **Czech Republic** | 22,110 | **Kazakhstan** | 16,276 |
| **7.** | **Belarus** | 20,120 | **Belarus** | 13,650 |
| **8.** | **Romania** | 19,028 | **Romania** | 9,854 |
| **9.** | **The Netherlands** | 8,927 | **The Netherlands** | 5,544 |
| **10.** | **Bulgaria** | 5,791 | **Bulgaria** | 5,205 |
| **11.** | **Other** | 76,785 | **Other** | 53,012 |
| | **TOTAL** | **372,787** | **TOTAL** | **276,052** |

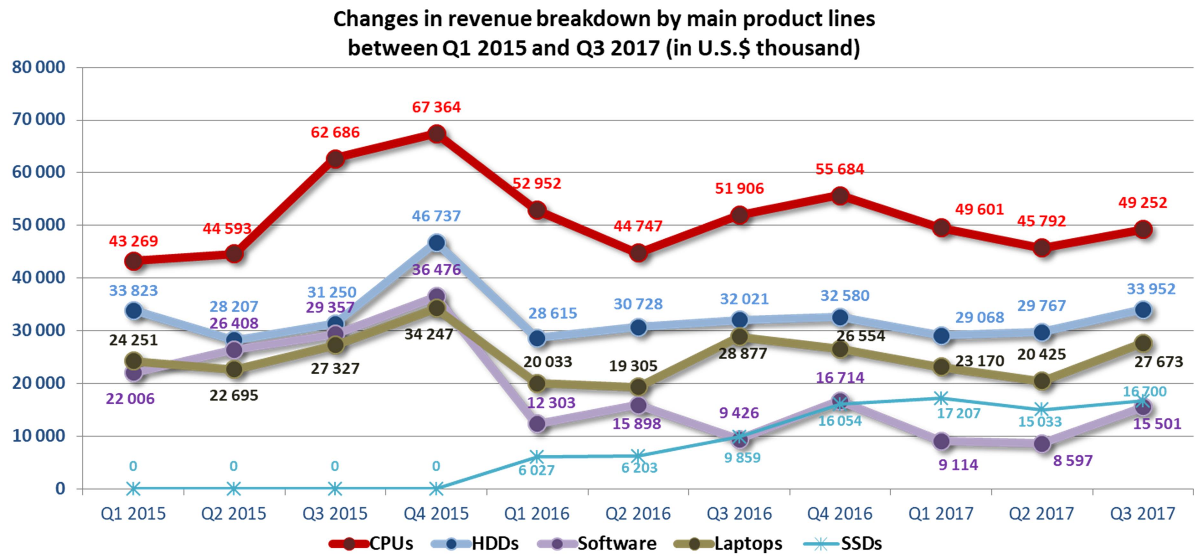
**Revenue breakdown – Top 10 countries in Q1-Q3 2017 and Q1-Q3 2016 (in U.S. Dollar thousand)**

| | Q1-Q3 2017 | | Q1-Q3 2016 | |
|---|---|---|---|---|
| | Country | Sales | Country | Sales |
| 1. | **Russia** | 173,778 | **Slovakia** | 125,383 |
| 2. | **Ukraine** | 113,038 | **Russia** | 133,656 |
| 3. | **Slovakia** | 105,355 | **United Arab Emirates** | 79,670 |
| 4. | **Kazakhstan** | 91,119 | **Ukraine** | 78,520 |
| 5. | **United Arab Emirates** | 78,630 | **Czech Republic** | 44,087 |
| 6. | **Czech Republic** | 53,502 | **Kazakhstan** | 35,697 |
| 7. | **Belarus** | 47,958 | **Belarus** | 33,424 |
| 8. | **Romania** | 43,352 | **Romania** | 31,192 |
| 9. | **The Netherlands** | 30,566 | **Hungary** | 18,200 |
| 10. | **Bulgaria** | 18,693 | **The Netherlands** | 18,180 |
| 11. | **Other** | 187,127 | **Other** | 175,457 |
| | **TOTAL** | **943,118** | **TOTAL** | **773,467** |

## Sales by product lines

ASBIS remains the distributor of first choice for many worldwide suppliers. This includes cooperation with Apple, that allows us to increase our revenues in Ukraine, Belarus and Kazakhstan where we have also distributed iPhones. All changes in our product portfolio have to comply with our main focus, which is the increase of margins and profitability.

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




Growth in Q3 2017 sales was driven by sales of smartphones, tablets, SSDs and other smaller product lines, while sales of typical components were relatively stable year-on-year.

Revenues from CPUs decreased by 5.11% in Q3 2017 and by 3.32% in 9M 2017. Revenues from HDDs increased by 6.03% in Q3 2017 and decreased by 1.72% in 9M 2017. This was boosted by an increase in sales of SSDs (+69.38% in Q3 2017 and +121.55% in 9M 2017). Tablets business grew by 24.57% in Q3 2017 and by 9.58% in 9M 2017. Finaly, smartphones which is the key driver of sales growth, increased by 77.70% in Q3 2017 and by 64.69% in 9M 2017.

From other product lines, the Company has noticed a positive trend for Q3 and 9M 2017 in mainboards and VGA cards (+494.57% and +204.54%), peripherals (+33.73% and +34.77%), memory modules (+108.17% and +92.39%), accessories and multimedia (+32.25% and +39.83%) and flash memory (+59.32% and +21.52%).

The table below sets a breakdown of revenues, by product lines, for Q3 2017 and Q3 2016:

| | Q3 2017 | | Q3 2016 | |
|---|---|---|---|---|
| | U.S. $ thousand | % of total revenues | U.S. $ thousand | % of total revenues |
| Smartphones | 104,008 | 27.90% | 58,530 | 21.20% |
| Central processing units (CPUs) | 49,252 | 13.21% | 51,906 | 18.80% |
| Hard disk drives (HDDs) | 33,952 | 9.11% | 32,021 | 11.60% |
| PC-mobile (laptops) | 27,673 | 7.42% | 28,877 | 10.46% |
| Tablets | 16,481 | 4.42% | 13,230 | 4.79% |
| Software | 15,501 | 4.16% | 9,426 | 3.41% |
| Other | 125,921 | 33.78 | 82,062 | 29.73% |
| **Total revenue** | **372,787** | **100%** | **276,052** | **100%** |

| | Q1-Q3 2017 | | Q1-Q3 2016 | |
|---|---|---|---|---|
| | U.S. $ thousand | % of total revenues | U.S. $ thousand | % of total revenues |
| Smartphones | 240,529 | 25.50% | 146,050 | 18.88% |
| Central processing units (CPUs) | 144,644 | 15.34% | 149,605 | 19.34% |
| Hard disk drives (HDDs) | 89,787 | 9.52% | 91,363 | 11.81% |
| PC-mobile (laptops) | 71,268 | 7.56% | 68,215 | 8.82% |
| Tablets | 36,270 | 3.85% | 33,100 | 4.28% |
| Software | 33,211 | 3.52% | 37,627 | 4.86% |
| Other | 327,408 | 34.72% | 247,507 | 32.00% |
| **Total revenue** | **943,118** | **100%** | **773,467** | **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. Cash flow in Q3 and 9M 2017 has been negatively impacted by revenue growth, increased working capital utilization and dividend payout. Neverthless, cash from operations for the nine months of 2017 has improved by almost U.S.$ 7 million. We do aim to generate a positive cash flow from operations for the full year.

The following table presents a summary of cash flows for the nine months ended September 30$^{th}$, 2017 and 2016:

| | **Nine months ended September 30$^{th}$** | |
|---|---|---|
| | **2017** | **2016** |
| | **U.S. $** | |
| Net cash outflows from operating activities | (22,002) | (28,932) |
| Net cash outflows from investing activities | (1,366) | (1,418) |
| Net cash inflows/(outflows) from financing activities | 5,661 | (4,312) |
| Net decrease in cash and cash equivalents | (17,707) | (34,662) |

***Net cash outflows from operations***

Net cash outflows from operations amounted to U.S. $ 22,002 for the nine months ended September 30$^{th}$, 2017, compared to outflows of U.S. $ 28,932 in the corresponding period of 2016. This is attributed mainly to improved profitability and working capital utilization. The Company expects cash from operations to turn positive for 2017.

The negative cash flow from operations for Q3 2017 stand-alone, is a result of strong growth in revenues. This is expected to improve in the remainder of the year.

***Net cash outflows from investing activities***

Net cash outflows from investing activities was U.S. $ 1,366 for the nine months ended September 30$^{th}$ 2017, compared to U.S. $ 1,418 in the corresponding period of 2016. These outflows mainly relate to on-going investments for fixed assets (such as computers, furniture etc.).

***Net cash inflows/(outflows) from financing activities***

Net cash inflows from financing activities was U.S. $ 5,661 for the nine months ended September 30$^{th}$ 2017, compared to outflows of U.S. $ 4,312 in the corresponding period of 2016. This primarily relates to increased utilization of certain financing lines to support sales growth.

***Net decrease in cash and cash equivalents***

As a result of improved working capital efficiency and increased profitability, in Q1-Q3 2017 cash and cash equivalents have decreased by U.S. $ 17,707, compared to a decrease of U.S. $ 34,662 in the corresponding period of 2016 – almost a U.S.$ 17 million improvement, despite growth in revenues.

## 16. Factors which may affect our results in the future

<u>**Political and economic stability in Europe and our regions**</u>

The markets the Group operates into, have traditionally shown a vulnerability in political and economic environment, like the turbulence noted in Ukraine and Russia back in 2014 that has negatively affected our results in the past. The weak economies in the F.S.U. region and certain politically driven events in all markets, are considered by the management as a crucial external factor, which might adversely affect our results, in the short term.

Having seen the recent improvement in our F.S.U. markets and our other major regions, we do believe to be able to further benefit from the work done during the tough times. What is more, we develop more markets of this region with new product lines and our revenues and profitability benefit from that. We will continue this strategy and focus more on our core regions and strengths, to maximize profits and take advantage of any further market revival.

<u>**The Group's ability to increase revenues and market share while focusing on profits**</u>

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, Kazakhstan, Slovakia and Ukraine are currently the markets that lead in terms of revenue. We need to ensure that we adopt to any possible changes in these markets and reinforce our strategy to fully diversify our sales.

Following the recent improvement in the F.S.U. region, it regained the leading position in our revenue breakdown by geographies. This was a result of the focus of the Group to its strong competencies and to the extended product portfolio to this market place. As a result, revenues in Q3 and 9M 2017 continued to grow significantly. We do expect this positive trend to continue, as reflected in our financial forecast for 2017.

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 ability to increase its gross profit margin is of a very big importance. The decrease observed in Q3 and 9M 2017 as compared to the corresponding periods of 2016 was physiological and a result of the extraordinary high margins in comparable periods of previous year. The pace of growth in gross profit margins 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. The Directors believe that the Group has reached satisfactory gross profit margin levels and shall work hard to retain them.

**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 Q3 and 9M 2017 was strong, we have been successfully shielded by our hedging policy. Therefore, the hedging strategy should be followed and further improved without any exception for 2017.

**Ability of the Group to control expenses**

Selling expenses in Q3 and 9M 2017 increased as compared to Q3 and 9M 2016 as a result of increased revenues and gross profit and our investments in human capital for the F.S.U. region. This is expected to allow us to benefit in the remainder of 2017 and later on from our stronger position in this market. Administrative expenses remained relatively stable. Despite Q3 and 9M 2017 investments, we continue a strict control over 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. A recent example is smartphones that the Company has timely invested in and resulted in improved profitability.

**Ability to cover warranty claims from customers**

The own brand business requires us to be very careful with quality as it may affect both the consumer satissfaction and our expenses. 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. We have much improved our procedures from H2 2015 and this has covered us since then. Therefore, we have not faced any specific problems in this area in Q3 and 9M 2017 and we do not expect warranty losses to hit us hard in the foreseable future.

## 17. Information about important events that occurred after the period ended on September 30th, 2017 and before this report release

According to our best knowledge, in the period between September 30th, 2017 and November 7th, 2017 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 September 30th, 2017**

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# CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

## FOR THE PERIOD ENDED 30 SEPTEMBER 2017

| | Note | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|---|
| **Revenue** | 4,23 | 372,786,456 | 276,052,300 | 943,117,820 | 773,466,629 |
| Cost of sales | | (352,812,420) | (259,180,413) | (892,902,571) | (729,223,368) |
| **Gross profit** | | 19,974,036 | 16,871,887 | 50,215,249 | 44,243,261 |
| Selling expenses | | (8,936,886) | (7,054,517) | (23,056,587) | (19,734,087) |
| Administrative expenses | | (4,440,467) | (4,294,345) | (12,661,937) | (12,166,734) |
| **Profit from operations** | | 6,596,683 | 5,523,025 | 14,496,725 | 12,342,440 |
| Financial income | 7 | 536,373 | 134,788 | 911,130 | 400,277 |
| Financial expenses | 7 | (4,232,216) | (3,861,555) | (10,780,844) | (10,399,873) |
| Other gains and losses | 5 | (249,867) | 27,396 | (692,565) | 187,454 |
| **Profit before tax** | 6 | 2,650,973 | 1,823,654 | 3,934,446 | 2,530,298 |
| Taxation | 8 | (566,439) | (443,528) | (838,820) | (529,237) |
| **Profit for the period** | | 2,084,534 | 1,380,126 | 3,095,626 | 2,001,061 |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | 2,099,769 | 1,374,297 | 3,121,501 | 1,988,192 |
| Non-controlling interests | | (15,235) | 5,829 | (25,875) | 12,869 |
| | | 2,084,534 | 1,380,126 | 3,095,626 | 2,001,061 |
| | | US$ cents | US$ cents | US$ cents | US$ cents |
| **Earnings per share** | | | | | |
| Basic and diluted from continuing operations | | 3.78 | 2.48 | 5.62 | 3.58 |

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

## FOR THE PERIOD ENDED 30 SEPTEMBER 2017

| | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|
| **Profit for the period** | 2,084,534 | 1,380,126 | 3,095,626 | 2,001,061 |
| **Other comprehensive income** | | | | |
| Exchange difference on translating foreign operations | 898,747 | 187,016 | 2,596,089 | 943,585 |
| Reclassification adjustments relating to foreign operations liquidated in the period | - | 254 | 7,193 | 254 |
| **Other comprehensive income for the period** | 898,747 | 187,270 | 2,603,282 | 943,839 |
| **Total comprehensive income for the period** | 2,983,281 | 1,567,396 | 5,698,908 | 2,944,900 |
| **Total comprehensive income attributable to:** | | | | |
| Equity holders of the parent | 2,991,309 | 1,559,584 | 5,697,855 | 2,927,732 |
| Non-controlling interests | (8,028) | 7,812 | 1,053 | 17,168 |
| | 2,983,281 | 1,567,396 | 5,698,908 | 2,944,900 |

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

| | Notes | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 24,316,078 | 23,209,538 |
| Intangible assets | 10 | 3,042,080 | 2,991,585 |
| Available-for-sale financial assets | 11 | 11,794 | 11,794 |
| Goodwill | 27 | 519,868 | 1,255,204 |
| Deferred tax assets | 20 | 859,325 | 1,006,592 |
| **Total non-current assets** | | 28,749,145 | 28,474,713 |
| **Current assets** | | | |
| Inventories | 12 | 114,488,391 | 113,857,748 |
| Trade receivables | 13 | 204,110,393 | 221,068,033 |
| Other current assets | 14 | 18,444,253 | 16,990,435 |
| Derivative financial asset | 25 | 480,008 | 1,079,208 |
| Current taxation | 8 | 267,834 | 663,773 |
| Cash at bank and in hand | 26 | 37,673,233 | 33,351,703 |
| **Total current assets** | | 375,464,112 | 387,010,900 |
| **Total assets** | | 404,213,257 | 415,485,613 |
| **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 | | 55,142,120 | 51,109,265 |
| Equity attributable to owners of the parent | | 89,760,363 | 85,727,508 |
| Non-controlling interests | | 384,674 | 167,361 |
| **Total equity** | | 90,145,037 | 85,894,869 |
| **Non-current liabilities** | | | |
| Long term borrowings | 17 | 222,769 | 1,184,107 |
| Other long term liabilities | 18 | 362,650 | 313,475 |
| Deferred tax liabilities | 20 | 57,432 | 149,683 |
| **Total non-current liabilities** | | 642,851 | 1,647,265 |
| **Current liabilities** | | | |
| Trade payables | | 156,231,288 | 202,038,292 |
| Other current liabilities | 21 | 31,882,303 | 26,945,360 |
| Short term borrowings | 16 | 124,714,593 | 98,623,302 |
| Derivative financial liability | 24 | 367,949 | 1,383 |
| Current taxation | 8 | 229,236 | 335,142 |
| **Total current liabilities** | | 313,425,369 | 327,943,479 |
| **Total liabilities** | | 314,068,220 | 329,590,744 |
| **Total equity and liabilities** | | 404,213,257 | 415,485,613 |

**The financial statements were approved by the Board of Directors on 6 November 2017.**

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

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
## FOR THE PERIOD ENDED 30 SEPTEMBER 2017

| | Attributable to equity holders of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital US$** | **Share premium US$** | **Treasury stock US$** | **Translation of foreign operations US$** | **Retained earnings US$** | **Total US$** | **Non controlling interests US$** | **Total US$** |
| **Balance at 1 January 2016** | 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 30 September 2016 | - | - | - | - | 1,988,192 | 1,988,192 | 12,869 | 2,001,061 |
| Other comprehensive profit for the period 1 January 2016 to 30 September 2016 | - | - | - | 939,540 | - | 939,540 | 4,299 | 943,839 |
| **Balance at 30 September 2016** | 11,100,000 | 23,518,243 | (14,234) | (12,187,194) | 61,835,291 | 84,252,106 | 172,429 | 84,424,535 |
| Profit for the period 1 October 2016 to 31 December 2016 | - | - | - | - | 2,629,051 | 2,629,051 | 5,503 | 2,634,554 |
| Other comprehensive loss for the period 1 October 2016 to 31 December 2016 | - | - | - | (1,153,649) | - | (1,153,649) | (10,571) | (1,164,220) |
| **Balance at 31 December 2016** | 11,100,000 | 23,518,243 | (14,234) | (13,340,843) | 64,464,342 | 85,727,508 | 167,361 | 85,894,869 |
| Profit/(loss) for the period 1 January 2017 to 30 September 2017 | - | - | - | - | 3,121,501 | 3,121,501 | (25,875) | 3,095,626 |
| Other comprehensive profit for the period 1 January 2017 to 30 September 2017 | - | - | - | 2,576,354 | - | 2,576,354 | 26,928 | 2,603,282 |
| Payment of final dividend | - | - | - | - | (1,665,000) | (1,665,000) | - | (1,665,000) |
| Minority interest on establishment of new subsidiary | - | - | - | - | - | - | 216,260 | 216,260 |
| **Balance at 30 September 2017** | 11,100,000 | 23,518,243 | (14,234) | (10,764,489) | 65,920,843 | 89,760,363 | 384,674 | 90,145,037 |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
## FOR THE PERIOD ENDED 30 SEPTEMBER 2017

| | Note | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|---|
| **Profit for the period before tax and minority interest** | | 2,650,973 | 1,823,654 | 3,934,446 | 2,530,298 |
| Adjustments for: | | | | | |
| Exchange difference arising on consolidation | | 485,882 | 13,449 | 1,272,622 | 554,292 |
| Depreciation of property, plant and equipment | 9 | 391,334 | 384,102 | 1,119,047 | 1,148,196 |
| Amortization of intangible assets | 10 | 181,588 | 151,277 | 539,082 | 438,350 |
| Impairment losses on intangible assets and goodwill | 5,27 | 306,252 | - | 866,672 | - |
| Provision for slow moving and obsolete stock | 12 | (76,957) | (1,135,221) | 565,681 | (1,343,497) |
| Profit/(loss) from the sale of property, plant and equipment and intangible assets | 5 | (387) | 6,818 | (28,978) | (15,276) |
| Provision for bad debts and receivables written off | | 1,484,300 | 651,912 | 2,947,148 | 1,449,086 |
| Bad debts recovered | 5 | (6,347) | (1,817) | (14,297) | (3,044) |
| Interest received | 7 | (25,039) | (28,866) | (40,663) | (98,209) |
| Interest paid | 7 | 1,051,534 | 1,133,043 | 3,012,313 | 3,329,887 |
| **Operating profit before working capital changes** | | 6,443,133 | 2,998,351 | 14,173,073 | 7,990,083 |
| (Increase)/decrease in inventories | | (12,250,457) | 7,893,264 | (1,196,324) | (95,133) |
| (Increase)/decrease in trade receivables | | (37,483,464) | (17,628,241) | 14,024,789 | 17,031,893 |
| Increase in other current assets | | (469,700) | (554,868) | (854,618) | (3,049,255) |
| Increase/(decrease) in trade payables | | 23,387,474 | 4,312,409 | (45,807,004) | (47,222,091) |
| Increase in other current liabilities | | 10,173,451 | 59,500 | 5,303,509 | 2,534,772 |
| Increase/(decrease) in other non-current liabilities | | 22,543 | (9,640) | 49,175 | (72,505) |
| Increase/(decrease) in factoring creditors | | 8,395,923 | 8,397,038 | (4,224,653) | (2,366,836) |
| **Cash (outflows)/inflows from operations** | | (1,781,097) | 5,467,813 | (18,532,053) | (25,249,072) |
| Interest paid | 7 | (1,051,534) | (1,133,043) | (3,012,313) | (3,329,887) |
| Taxation paid, net | 8 | (304,595) | (62,948) | (457,709) | (353,068) |
| **Net cash (outflows)/inflows from operating activities** | | (3,137,226) | 4,271,822 | (22,002,075) | (28,932,027) |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

| | Note | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Purchase of intangible assets | 10 | (194,521) | (211,147) | (622,271) | (543,306) |
| Purchase of property, plant and equipment | 9 | (391,740) | (495,041) | (958,502) | (988,045) |
| Proceeds/(write-offs) from sale of property, plant and equipment and intangible assets | | 15,596 | (6,818) | 174,109 | 15,276 |
| Interest received | 7 | 25,039 | 28,866 | 40,663 | 98,209 |
| **Net cash outflows from investing activities** | | (545,626) | (684,140) | (1,366,001) | (1,417,866) |
| **Cash flows from financing activities** | | | | | |
| Dividends paid | | (1,665,000) | - | (1,665,000) | - |
| (Repayments)/proceeds of long term loans and long term obligations under finance lease | | (740,892) | 13,001 | (961,338) | (438,514) |
| Proceeds/(repayments) of short term borrowings and short term obligations under finance lease | | 2,278,184 | (3,433,849) | 8,287,542 | (3,873,720) |
| **Net cash (outflows)/inflows from financing activities** | | (127,708) | (3,420,848) | 5,661,204 | (4,312,234) |
| **Net (decrease)/increase in cash and cash equivalents** | | (3,810,560) | 166,834 | (17,706,872) | (34,662,127) |
| **Cash and cash equivalents at beginning of the period** | | (7,359,463) | (30,539,105) | 6,536,849 | 4,289,856 |
| **Cash and cash equivalents at end of the period** | 26 | (11,170,023) | (30,372,271) | (11,170,023) | (30,372,271) |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

## 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 nine months ended 30 September 2017 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 2016. 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 2016.

These interim financial statements were authorized for issue by the company's Board of Directors on 6 November 2017.

(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 2016.

## 3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the nine months ended 30 September 2017 are consistent with those followed for the preparation of the annual financial statements for the year 2016 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 2017. 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.

### 5. Other gains and losses

| | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|
| Profit/(loss) on disposal of property, plant and equipment | 387 | (6,818) | 28,978 | 15,276 |
| Other income | 23,492 | 10,680 | 65,920 | 114,297 |
| Bad debts recovered | 6,347 | 1,817 | 14,297 | 3,044 |
| Rental income | 26,159 | 21,717 | 64,912 | 54,837 |
| Impairment loss on goodwill | (306,252) | - | (866,672) | - |
| | (249,867) | 27,396 | (692,565) | 187,454 |

### 6. Profit before tax

| | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|
| Profit before tax is stated after charging : | | | | |
| (a) Amortization of intangible assets (Note 10) | 181,588 | 151,277 | 539,082 | 438,350 |
| (b) Depreciation (Note 9) | 391,334 | 384,102 | 1,119,047 | 1,148,196 |
| (c) Auditors' remuneration | 94,738 | 85,092 | 274,223 | 258,399 |
| (e) Directors' remuneration – executive (Note 28) | 94,711 | 89,419 | 269,730 | 313,414 |
| (e) Directors' remuneration – non-executive (Note 28) | 592 | 560 | 1,686 | 1,678 |

### 7. Financial expense, net

| | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|
| **Financial income** | | | | |
| Interest income | 25,039 | 28,866 | 40,663 | 98,209 |
| Other financial income | 511,334 | 105,922 | 870,467 | 302,068 |
| | 536,373 | 134,788 | 911,130 | 400,277 |
| **Financial expense** | | | | |
| Bank interest | 1,051,534 | 1,133,044 | 3,012,313 | 3,329,887 |
| Bank charges | 418,091 | 344,509 | 1,039,606 | 1,004,322 |
| Derivative charges | 280,198 | 175,125 | 743,110 | 489,740 |
| Factoring interest | 1,657,988 | 1,558,884 | 4,427,096 | 3,535,154 |
| Factoring charges | 68,156 | 76,085 | 219,943 | 233,239 |
| Other financial expenses | 45,515 | 21,525 | 132,955 | 41,586 |
| Other interest | 277,276 | 320,179 | 880,145 | 899,753 |
| Net exchange loss | 433,438 | 232,204 | 325,676 | 866,192 |
| | 4,232,216 | 3,861,555 | 10,780,844 | 10,399,873 |
| Net | (3,695,843) | (3,726,767) | (9,869,714) | (9,999,594) |

**8. Tax**

| | For the nine months ended 30 September 2017 US$ | For the year ended 31 December 2016 US$ |
|---|---|---|
| Receivable balance 1 January | (328,631) | (235,073) |
| Provision for the period/year | 779,978 | 802,924 |
| (Over)/under provision of prior year periods | (14,820) | 5,886 |
| Exchange difference on retranslation | (17,416) | (4,768) |
| Amounts paid, net | (457,709) | (897,600) |
| Net receivable balance 30 September/31 December | (38,598) | (328,631) |

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Tax receivable | (267,834) | (663,773) |
| Tax payable | 229,236 | 335,142 |
| Net | (38,598) | (328,631) |

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

| | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|
| Provision for the period | 450,688 | 202,676 | 779,978 | 421,101 |
| (Over)/under provision of prior years | (11,989) | 2,378 | (14,820) | 6,187 |
| Deferred tax charge (Note 20) | 127,740 | 238,474 | 73,662 | 101,949 |
| Charge for the period | 566,439 | 443,528 | 838,820 | 529,237 |

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.

### 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 2016** | 23,355,177 | 6,436,831 | 368,967 | 2,253,762 | 2,384,129 | 2,867,739 | 37,666,605 |
| Additions | 732,135 | 473,166 | 6,005 | 218,803 | 69,371 | 70,531 | 1,570,011 |
| Disposals | - | (798,777) | - | (419,387) | (79,859) | (188,327) | (1,486,350) |
| Foreign exchange difference on retranslation | (301,465) | (75,483) | (111) | (32,009) | (41,245) | (38,306) | (488,619) |
| **At 31 December 2016** | 23,785,847 | 6,035,737 | 374,861 | 2,021,169 | 2,332,396 | 2,711,637 | 37,261,647 |
| Additions | 68,888 | 404,531 | 34,056 | 338,128 | 40,290 | 72,609 | 958,502 |
| Disposals | (311,999) | (66,601) | - | (196,625) | (36,286) | (51,588) | (663,099) |
| Foreign exchange difference on retranslation | 1,416,891 | 317,217 | 365 | 98,472 | 145,908 | 132,142 | 2,110,995 |
| **At 30 September 2017** | 24,959,627 | 6,690,884 | 409,282 | 2,261,144 | 2,482,308 | 2,864,800 | 39,668,045 |
| **Accumulated depreciation** | | | | | | | |
| **At 1 January 2016** | 3,510,711 | 5,091,969 | 116,512 | 1,660,582 | 1,784,874 | 1,997,052 | 14,161,700 |
| Charge for the year | 256,585 | 601,269 | 38,930 | 234,095 | 173,769 | 239,794 | 1,544,442 |
| Disposals | - | (798,777) | - | (419,387) | (79,859) | (188,327) | (1,486,350) |
| Foreign exchange difference on retranslation | (2,839) | (66,319) | (111) | (30,139) | (35,807) | (32,468) | (167,683) |
| **At 31 December 2016** | 3,764,457 | 4,828,142 | 155,331 | 1,445,151 | 1,842,977 | 2,016,051 | 14,052,109 |
| Charge for the period | 223,361 | 443,385 | 30,293 | 173,808 | 103,654 | 144,546 | 1,119,047 |
| Disposals | (220,553) | (66,601) | - | (196,625) | (36,286) | (49,588) | (569,653) |
| Foreign exchange difference on retranslation | 231,149 | 238,283 | 376 | 69,547 | 112,588 | 98,521 | 750,464 |
| **At 30 September 2017** | 3,998,414 | 5,443,209 | 186,000 | 1,491,881 | 2,022,933 | 2,209,530 | 15,351,967 |
| **Net book value** | | | | | | | |
| At 30 September 2017 | 20,961,213 | 1,247,675 | 223,282 | 769,263 | 459,375 | 655,270 | 24,316,078 |
| At 31 December 2016 | 20,021,390 | 1,207,595 | 219,530 | 576,018 | 489,419 | 695,586 | 23,209,538 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

## 10. Intangible assets

| | Computer software US$ | Patents and licenses US$ | Total US$ |
|---|---|---|---|
| **Cost** | | | |
| **At 1 January 2016** | 7,851,215 | 2,232,094 | 10,083,309 |
| Additions | 587,097 | 266,558 | 853,655 |
| Disposals/ write-offs | (218,742) | - | (218,742) |
| Foreign exchange difference on retranslation | (18,853) | 2,474 | (16,379) |
| **At 31 December 2016** | 8,200,717 | 2,501,126 | 10,701,843 |
| Additions | 575,273 | 46,998 | 622,271 |
| Disposals/ write-offs | (115,139) | (105,138) | (220,277) |
| Foreign exchange difference on retranslation | 80,274 | 37,255 | 117,529 |
| **At 30 September 2017** | 8,741,125 | 2,480,241 | 11,221,366 |
| **Accumulated amortization** | | | |
| **At 1 January 2016** | 6,092,120 | 1,238,887 | 7,331,007 |
| Charge for the year | 342,861 | 257,096 | 599,957 |
| Disposals/ write-offs | (206,728) | - | (206,728) |
| Foreign exchange difference on retranslation | (19,197) | 5,219 | (13,978) |
| **At 31 December 2016** | 6,209,056 | 1,501,202 | 7,710,258 |
| Charge for the period | 322,531 | 216,551 | 539,082 |
| Disposals/ write-offs | (115,139) | (53,452) | (168,591) |
| Foreign exchange difference on retranslation | 77,132 | 21,405 | 98,537 |
| **At 30 September 2017** | 6,493,580 | 1,685,706 | 8,179,286 |
| **Net book value** | | | |
| At 30 September 2017 | 2,247,545 | 794,535 | 3,042,080 |
| At 31 December 2016 | 1,991,661 | 999,924 | 2,991,585 |

## 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 30 September 2017 US$ | As at 31 December 2016 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 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

**12. Inventories**

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Goods in transit | 15,930,413 | 17,467,719 |
| Goods held for resale | 105,206,033 | 103,518,766 |
| Provision for slow moving and obsolete stock | (6,648,055) | (7,128,737) |
| | 114,488,391 | 113,857,748 |

Movement in provision for slow moving and obsolete stock

| | For the nine months ended 30 September 2017 US$ | For the year ended 31 December 2016 US$ |
|---|---|---|
| On 1 January | 7,128,737 | 4,288,149 |
| Net movement for the year | (565,681) | 2,870,240 |
| Exchange difference | 84,999 | (29,652) |
| On 30 September/31 December | 6,648,055 | 7,128,737 |

**13. Trade receivables**

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Trade receivables | 213,887,082 | 228,782,976 |
| Allowance for doubtful debts | (9,776,689) | (7,714,943) |
| | 204,110,393 | 221,068,033 |

**14. Other current assets**

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Deposits and advances to service providers | 547,933 | 526,314 |
| Employee floats | 118,280 | 39,321 |
| VAT and other taxes refundable | 7,753,504 | 8,583,148 |
| Other debtors and prepayments | 10,024,536 | 7,841,652 |
| | 18,444,253 | 16,990,435 |

### 15. Share capital

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| **Authorized** | | |
| 63,000,000 (2016: 63,000,000) shares of US$ 0.20 each | 12,600,000 | 12,600,000 |
| **Issued and fully paid** | | |
| 55,500,000 (2016: 55,500,000) ordinary shares of US$ 0.20 each | 11,100,000 | 11,100,000 |

### 16. Short term borrowings

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Bank overdrafts (Note 26) | 48,843,256 | 26,814,854 |
| Current portion of long term loans | 370,618 | 714,258 |
| Bank short term loans | 28,904,083 | 20,289,260 |
| Short term obligations under finance leases (Note 19) | 70,691 | 54,332 |
| Total short term debt | 78,188,648 | 47,872,704 |
| Factoring creditors | 46,525,945 | 50,750,598 |
| | 124,714,593 | 98,623,302 |

**Summary of borrowings and overdraft arrangements**

As at 30 September 2017 the group enjoyed factoring facilities of US$ 120,509,000 (31 December 2016 US$ 100,596,000).

In addition, the group as at 30 September 2017 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 74,180,000 (31 December 2016: US$ 55,570,000)
- short term loans/revolving facilities of US$ 33,668,000 (31 December 2016: US$ 26,427,000)
- bank guarantee and letters of credit lines of US$ 15,455,000 (31 December 2016: US$ 13,446,000)

The group had for the period ending 30 September 2017 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 8.6% (for 2016: 9.2%).

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$ 13,327,000 (31 December 2016: US$ 9,967,000)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

## 17. Long term borrowings

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Bank loans | 207,717 | 1,157,262 |
| Long term obligations under finance leases (Note 19) | 15,052 | 26,845 |
| | 222,769 | 1,184,107 |

## 18. Other long term liabilities

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Pension provision | 362,650 | 313,475 |

## 19. Finance leases

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Obligation under finance lease | 85,743 | 81,177 |
| Less: Amount payable within one year | (70,691) | (54,332) |
| Amounts payable within 2-5 years inclusive | 15,052 | 26,845 |

## 20. Deferred tax

| | For the nine months ended 30 September 2017 US$ | For the year ended 31 December 2016 US$ |
|---|---|---|
| Debit balance on 1 January | (856,909) | (1,436,016) |
| Deferred tax charge for the period/year (Note 8) | 73,662 | 569,392 |
| Exchange difference on retranslation | (18,646) | 9,715 |
| Debit balance on 30 September/31 December | (801,893) | (856,909) |

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Deferred tax assets | (859,325) | (1,006,592) |
| Deferred tax liabilities | 57,432 | 149,683 |
| Net deferred tax assets | (801,893) | (856,909) |

**21. Other current liabilities**

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Salaries payable and related costs | 1,116,368 | 1,019,145 |
| VAT payable | 4,519,788 | 6,159,670 |
| Accruals and deferred income | 22,720,558 | 17,218,258 |
| Non-trade accounts payable | 3,525,589 | 2,548,287 |
| | 31,882,303 | 26,945,360 |

**22. Commitments and contingencies**

As at 30 September 2017 the group was committed in respect of purchases of inventories of a total cost value of US$ 7,573,000 (31 December 2016: US$ 3,100,000) which were in transit at 30 September 2017 and delivered in October 2017. 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 30 September 2017 the group was contingently liable in respect of bank guarantees and letters of credit of US$ 15,455,000 (31 December 2016: US$ 13,446,000) which the group has extended mainly to its suppliers.

As at 30 September 2017 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***

| | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|
| Former Soviet Union | 177,634,154 | 123,373,997 | 446,324,829 | 291,252,090 |
| Central Eastern Europe | 129,233,211 | 95,152,715 | 311,886,008 | 296,689,396 |
| Western Europe | 22,449,525 | 10,555,011 | 64,073,206 | 40,186,285 |
| Middle East & Africa | 39,211,127 | 38,883,158 | 112,833,510 | 119,323,591 |
| Other | 4,258,439 | 8,087,419 | 8,000,267 | 26,015,267 |
| | 372,786,456 | 276,052,300 | 943,117,820 | 773,466,629 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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***1.3 Segment results***

| | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|
| Former Soviet Union | 2,957,243 | 2,855,265 | 6,944,022 | 6,300,195 |
| Central Eastern Europe | 2,760,759 | 2,138,120 | 5,895,504 | 4,871,473 |
| Middle East & Africa | 535,178 | 340,091 | 1,045,878 | 811,711 |
| Western Europe | 278,892 | 117,398 | 500,291 | 228,888 |
| Other | 64,611 | 72,151 | 111,030 | 130,173 |
| **Profit from operations** | 6,596,683 | 5,523,025 | 14,496,725 | 12,342,440 |
| Net financial expenses | (3,695,843) | (3,726,767) | (9,869,714) | (9,999,594) |
| Other gains and losses | (249,867) | 27,396 | (692,565) | 187,454 |
| **Profit before taxation** | 2,650,973 | 1,823,654 | 3,934,446 | 2,530,298 |

***1.4 Segment capital expenditure (CAPEX)***

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Former Soviet Union | 4,147,881 | 4,100,423 |
| Central Eastern Europe | 12,484,606 | 12,080,453 |
| Middle East & Africa | 3,099,174 | 3,206,783 |
| Unallocated | 8,146,365 | 8,068,668 |
| | 27,878,026 | 27,456,327 |

***1.5 Segment depreciation and amortization***

| | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|
| Central Eastern Europe | 191,355 | 191,998 | 536,054 | 565,323 |
| Former Soviet Union | 93,190 | 72,514 | 271,733 | 201,716 |
| Middle East & Africa | 49,214 | 55,350 | 148,670 | 164,344 |
| Western Europe | - | - | - | 25,989 |
| Unallocated | 239,165 | 215,517 | 701,672 | 629,174 |
| | 572,924 | 535,379 | 1,658,129 | 1,586,546 |

***1.6 Segment assets***

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Former Soviet Union | 171,978,081 | 154,300,176 |
| Central Eastern Europe | 139,384,804 | 142,566,106 |
| Western Europe | 25,832,194 | 28,285,670 |
| Middle East & Africa | 35,696,847 | 51,058,290 |
| Total | 372,891,926 | 376,210,242 |
| Assets allocated in capital expenditure (1.5) | 27,878,026 | 27,456,327 |
| Other unallocated assets | 3,443,305 | 11,819,044 |
| Consolidated assets | 404,213,257 | 415,485,613 |

**24. Derivative financial liability**

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Derivative financial liabilities carried at fair value through profit or loss | | |
| Foreign currency derivative contracts | 367,949 | 1,383 |

**25. Derivative financial asset**

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Derivative financial assets carried at fair value through profit or loss | | |
| Foreign currency derivative contracts | 480,008 | 1,079,208 |

**26. Cash and cash equivalents**

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| Cash at bank and in hand | 37,673,233 | 33,351,703 |
| Bank overdrafts (Note 16) | (48,843,256) | (26,814,854) |
| | (11,170,023) | 6,536,849 |

The cash at bank and in hand balance includes an amount of US$ 13,327,000 (31 December 2016: US$ 9,967,000) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

**27. Goodwill**

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| At 1 January | 1,255,204 | 1,555,972 |
| Goodwill written off (note ii) | (866,672) | (250,000) |
| Foreign exchange difference on retranslation | 131,336 | (50,768) |
| At 30 September/31 December (note i) | 519,868 | 1,255,204 |

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

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo) | 412,063 | 367,911 |
| SHARK Computers a.s. | 107,805 | 887,293 |
| | 519,868 | 1,255,204 |

(ii) The write - off of goodwill relates to the business combinations of the following subsidiaries:

| | As at 30 September 2017 US$ | As at 31 December 2016 US$ |
|---|---|---|
| SHARK Computers a.s. | (866,672) | (250,000) |

**28. Transactions and balances of key management**

| | For the three months ended 30 September 2017 US$ | For the three months ended 30 September 2016 US$ | For the nine months ended 30 September 2017 US$ | For the nine months ended 30 September 2016 US$ |
|---|---|---|---|---|
| Director's remuneration - executive (Note 6) | 94,711 | 89,419 | 269,730 | 313,414 |
| Director's remuneration - non-executive (Note 6) | 592 | 560 | 1,686 | 1,678 |
| | 95,303 | 89,979 | 271,416 | 315,092 |

**29. Business combinations**

**1. Acquisitions**

**1.1. a. Acquisitions of subsidiaries to 30 September 2017**

During the period, the group has acquired the 100% of the share capital of I ON LTD and ASBIS SERVIC Ltd, 51% of ASBC LLC and 85% of ASBIS Cloud Ltd.

| Name of entity | Type of operations | Date acquired | % acquired | % owned |
|---|---|---|---|---|
| I ON LTD | Information Technology | 04 April 2017 | 100% | 100% |
| ASBC LLC | Information Technology | 08 May 2017 | 51% | 51% |
| ASBIS SERVIC LTD | Warranty Services | 04 July 2017 | 100% | 100% |
| ASBIS Cloud Ltd | Information Technology | 27 July 2017 | 85% | 85% |

**2. Disposals of subsidiaries to 30 September 2017**

During the period the following group's subsidiary went into liquidation. Loss of US$ 12,461 arose on the event.

| Name of disposed entity | Type of operations | Date liquidated | % liquidated |
|---|---|---|---|
| Shark Online a.s. | Information Technology | 01 January 2017 | 100% |

**Disposals of subsidiaries to 31 December 2016**

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

| Name of disposed entity | Type of operations | Date liquidated | % liquidated |
|---|---|---|---|
| EuroMall SRB d.o.o | Information Technology | 03 August 2016 | 100% |
| EuroMall Croatia | Information Technology | 13 October 2016 | 100% |
| IT-MAX | Information Technology | 04 November 2016 | 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).