INTERIM REPORT FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2012

Limassol, November 7th, 2012

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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 2012. 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: Russia, Slovakia, Ukraine, Poland, Czech Republic, Belarus, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, and Middle East countries (i.e. United Arab Emirates, Saudi Arabia, Qatar and other Gulf states).

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

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through three master distribution centres (located in the Czech Republic, the United Arab Emirates and China), our network of 33 warehouses located in 26 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 75 countries.

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

2. Executive summary for the three and nine month periods ended 30 September 2012

The principal events of the three months ended 30 September 2012 were as follows:

- Revenues in Q3 2012 increased by 20.62% to U.S. $ 433,543 from U.S. $ 359,419 in the corresponding period of 2011.
- Gross profit before currency movements in Q3 2012 increased by 15.89% to U.S. $ 20,409 from U.S. $ 17,611 in the corresponding period of 2011.
- Gross profit after currency movements in Q3 2012 increased by 14.86% to U.S. $ 20,361 from U.S. $ 17,726 in the corresponding period of 2011.
- Gross profit margin in Q3 2012 decreased by 4.77% to 4.70% from 4.93% in the corresponding period of 2011.
- Selling expenses in Q3 2012 increased by 8.09% to U.S. $ 9,602 from U.S. $ 8,883 in the corresponding period of 2011, significantly slower than revenues and gross profit. This was possible due to the restructuring of the sales organization compensation structure.
- Administrative expenses in Q3 2012 decreased by 7.57% to U.S. $ 5,700 from U.S. $ 6,167 in the corresponding period of 2011. It is important to underline, that administrative expenses were reduced again, despite growth in sales and profits.
- EBITDA in Q3 2012 increased by 69.85% to U.S. $ 5,792 from U.S. $ 3,410 in the corresponding period of 2011.

- Net profit after taxation in Q3 2012 increased by 296.91% to U.S. $ 2,030 from U.S. $ 511 in the corresponding period of 2011. It is important to note that this profit was generated with almost no currency losses or gains, but purely from operations. This clearly shows a step ahead in the Company's strategy to hedge itself from currency volatilities.

Following table presents revenues breakdown by regions in the three month periods ended September 30th, 2012 and 2011 respectively (in U.S.$ thousand):

Region	Q3 2012	Q3 2011
Former Soviet Union	180,546	152,428
Central and Eastern Europe	152,510	118,880
Western Europe	28,481	21,597
Middle East and Africa	56,467	55,267
Other	15,539	11,247
Grand Total	433,543	359,419

The principal events of the nine months ended 30 September 2012 were as follows:

- Revenues in Q1-Q3 2012 increased by 16.46% to U.S. $ 1,178,481 from U.S. $ 1,011,918 in the corresponding period of 2011.

- Gross profit before currency movements in Q1-Q3 2012 increased by 11.51% to U.S. $ 57,301 from U.S. $ 51,386 in the corresponding period of 2011.

- Gross profit after currency movements in Q1-Q3 2012 increased by 9.17% to U.S. $ 56,573 from U.S. $ 51,821 in the corresponding period of 2011.

- Gross profit margin in Q1-Q3 2012 decreased by 6.26% to 4.80% from 5.12% in the corresponding period of 2011.

- Selling expenses in Q1-Q3 2012 decreased by 1.17% to U.S. $ 27,595 from U.S. $ 27,920 in the corresponding period of 2011, despite growth in revenues and gross profit.

- Administrative expenses in Q1-Q3 2012 decreased by 8.96% to U.S. $ 17,195 from U.S. $ 18,888 in the corresponding period of 2011.

- EBITDA in Q1-Q3 2012 increased by 89.85% to U.S. $ 13,827 from U.S. $ 7,283 in the corresponding period of 2011.

- Net profit after taxation in Q1-Q3 2012 reached U.S. $ 4,605 in comparison to a net loss after taxation of U.S. $ 2,615 in the corresponding period of 2011. This was mainly due to growth in revenues and gross profit and control over expenses.

Following table presents revenues breakdown by regions in the nine month periods ended September 30th, 2012 and 2011 respectively (in U.S.$ thousand):

Region	Q1-Q3 2012	Q1-Q3 2011
Former Soviet Union	480,572	412,587
Central and Eastern Europe	402,282	341,870
Western Europe	84,450	74,760
Middle East and Africa	171,836	148,891
Other	39,341	33,810
Grand Total	1,178,481	1,011,918

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, 2012 and 2011, 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, 2011, that is: 1 US$ = 3.4174 PLN and 1 EUR = 4.4168 PLN and September 30th, 2012, that is: 1 US$ = 3.1780 PLN and 1 EUR = 4.1138 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, 2011, that is 1 US$ = 2.9793 PLN and 1 EUR = 4.1894 PLN and July 1st to September 30th, 2012, that is 1 US$ = 3.2880 PLN and 1 EUR = 4.1354 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, 2011, that is 1 US$ = 2.8523 PLN and 1 EUR = 4.0413 PLN and January 1st to September 30th, 2012, that is 1 US$ = 3.2596 PLN and 1 EUR = 4.1948 PLN.

	Period from 1 July to 30 September 2012			Period from 1 July to 30 September 2011		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**433,543**	**1,425,488**	**344,704**	**359,419**	**1,070,818**	**255,602**
Cost of sales	(413,134)	(1,358,383)	(328,477)	(341,809)	(1,018,350)	(243,078)
Gross profit before currency movements	**20,409**	**67,104**	**16,227**	**17,611**	**52,468**	**12,524**
Currency movements on gross profit	(48)	(157)	(38)	115	343	82
Gross profit after currency movements	**20,361**	**66,947**	**16,189**	**17,726**	**52,812**	**12,606**
Selling expenses	(9,602)	(31,572)	(7,635)	(8,883)	(26,465)	(6,317)
Administrative expenses	(5,700)	(18,742)	(4,532)	(6,167)	(18,373)	(4,386)
Profit from operations	**5,059**	**16,634**	**4,022**	**2,676**	**7,973**	**1,903**
Financial expenses	(2,648)	(8,705)	(2,105)	(2,156)	(6,425)	(1,534)
Financial income	118	389	94	82	245	59
Other gains and losses	117	384	93	192	573	137
Impairment of goodwill	-	-	-	(50)	(150)	(36)
Share of (loss)/profit from joint ventures	(58)	(189)	(46)	1	3	1
Profit before taxation	**2,589**	**8,512**	**2,058**	**745**	**2,219**	**530**
Taxation	(559)	(1,838)	(444)	(234)	(696)	(166)
Profit after taxation	**2,030**	**6,674**	**1,614**	**511**	**1,524**	**364**
Attributable to:						
Non-controlling interests	7	23	6	158	471	113
Owners of the parent	**2,023**	**6,651**	**1,608**	**353**	**1,052**	**251**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	3.64	11.98	2.90	0.64	1.90	0.45

	Period from 1 January to 30 September 2012			Period from 1 January to 30 September 2011		
	USD	PLN	EUR	USD	PLN	EUR
Net cash outflows from operating activities	(55,122)	(179,676)	(42,833)	(30,902)	(88,141)	(21,810)
Net cash outflows from investing activities	(1,367)	(4,455)	(1,062)	(3,303)	(9,421)	(2,331)
Net cash inflows/(outflows) from financing activities	13,347	43,507	10,372	(6,721)	(19,168)	(4,743)
Net decrease in cash and cash equivalents	**(43,142)**	**(140,624)**	**(33,524)**	**(40,925)**	**(116,730)**	**(28,884)**
Cash at the beginning of the period	**19,251**	**62,752**	**14,959**	**21,370**	**60,952**	**15,082**
Cash at the end of the period	**(23,890)**	**(77,873)**	**(18,564)**	**(19,555)**	**(55,777)**	**13,802**

	As at 30 September 2012			As at 31 December 2011		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	422,618	1,343,081	326,482	408,801	1,397,037	316,301
Non-current assets	28,843	91,662	22,282	29,950	102,351	23,173
Total assets	451,461	1,434,744	348,764	438,751	1,499,387	339,474
Liabilities	353,311	1,122,824	272,941	342,980	1,172,099	265,373
Equity	98,150	311,920	75,823	95,771	327,288	74,101

	Period from 1 January to 30 September 2012			Period from 1 January to 30 September 2011		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**1,178,481**	**3,841,376**	**915,747**	**1,011,918**	**2,886,295**	**714,200**
Cost of sales	(1,121,180)	(3,654,600)	(871,221)	(960,532)	(2,739,725)	(677,932)
Gross profit before currency movements	**57,301**	**186,777**	**44,526**	**51,386**	**146,569**	**36,268**
Currency movements on gross profit	(727)	(2,371)	(565)	435	1,241	307
Gross profit after currency movements	**56,573**	**184,406**	**43,961**	**51,821**	**147,810**	**36,575**
Selling expenses	(27,595)	(89,948)	(21,443)	(27,920)	(79,637)	(19,706)
Administrative expenses	(17,195)	(56,049)	(13,362)	(18,888)	(53,873)	(13,331)
Profit from operations	**11,783**	**38,409**	**9,156**	**5,013**	**14,300**	**3,538**
Financial expenses	(6,829)	(22,259)	(5,306)	(7,385)	(21,063)	(5,212)
Financial income	492	1,603	382	163	465	115
Other gains and losses	459	1,496	357	345	983	243
Impairment of goodwill	-	-	-	(50)	(143)	(35)
Share of loss from joint ventures	(151)	(490)	(117)	(160)	(456)	(113)
Profit/(loss) before taxation	**5,755**	**18,759**	**4,472**	**(2,074)**	**(5,915)**	**(1,464)**
Taxation	(1,150)	(3,747)	(893)	(542)	(1,545)	(382)
Profit/(loss) after taxation	**4,605**	**15,012**	**3,579**	**(2,615)**	**(7,460)**	**(1,846)**
Attributable to:						
Non-controlling interests	31	100	24	15	43	11
Owners of the parent	**4,575**	**14,912**	**3,555**	**(2,631)**	**(7,503)**	**(1,857)**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	8.24	26.87	6.41	(4.74)	(13.52)	(3.35)

4. Organization of ASBIS Group

The following table presents our corporate structure as at September 30th, 2012:

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)
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 Europe B.V (Schiphol, Netherlands)	Full (100% subsidiary)

Asbis Limited (Charlestown, Ireland)	Full (100% subsidiary)
FPUE Automatic Systems of Business Control (Minsk, Belarus)	Full (100% subsidiary)
E.M. Euro-Mall Ltd (former ISA Hardware Limited–Group) (Limassol, Cyprus)	Full (100% subsidiary)
OOO ' Asbis'-Moscow (Moscow, Russia)	Full (100% subsidiary)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100% subsidiary)
EUROMALL CZ s.r.o. (formerly ISA Hardware s.r.o.) (Prague, Czech Republic)	Full (100% subsidiary)
EUROMALL d.o.o. (formerly ISA Hardware d.o.o.) (Zagreb, Croatia)	Full (100% subsidiary)
ISA Hardware Hungary Commercial Limited Liability Co (Budapest, Hungary)	Full (100% subsidiary)
S.C. EUROMALL 2008 S.R.L (formerly ISA Hardware International S.R.L) (Bucharest, Romania)	Full (100% subsidiary)
ISA Hardware s.r.o Slovakia (Bratislava, Slovakia)	Full (100% subsidiary)
Euro-Mall SRB d.o.o. (former ISA Hardware d.o.o Beograd) (Belgrade, Serbia)	Full (100% subsidiary)
E.M.Euro-Mall D.o.o. (former ISA Hardware s.r.o Slovenia) (Ljubljana, Slovenia)	Full (100% subsidiary)
Prestigio Plaza Sp. z o.o (Warsaw, Poland)	Full (100% subsidiary)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100% subsidiary)
Prestigio Europe s.r.o (Prague, Czech Republic)	Full (100% subsidiary)
ASBIS 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)
Megatrend d.o.o. (Sarajevo, Bosnia Herzegovina)	Full (90% ownership)
PTUE IT-MAX (Minsk, Belarus)	Full (100% subsidiary)
ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus)	Full (100% subsidiary)
ASBIS IT S.R.L." (Rome, Italy)	Full (100% subsidiary)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100% subsidiary)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100% subsidiary)
ASBIS Taiwan (Taipei City, Taiwan)	Full (100% subsidiary)
AOSBIS TECHNOLOGY (SHENZHEN) CORP. (Shenzhen, China)	48% ownership
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)

5. Changes in the structure of the Company

During the three months ended September 30th, 2012 there were no changes in the structure of the Company and the Group. However the Company continued the process of purchasing the controlling interest in AOSBIS TECHNOLOGY (SHENZHEN) CORP. (Shenzen, China), in order to concentrate and optimize its trading activities in the Asian markets. This process was however not fully completed in Q3 2012, and is expected to be finalized in Q4 2012.

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

We have not published any forecasts for the three month period ended September 30th 2012. However on March 22nd, 2012 we published the official forecast for the year 2012. According to this forecast, revenues are expected to reach between U.S. $ 1.55 billion and U.S.$ 1.65 billion, and net profit after tax between U.S. $ 7.5 million and U.S. $ 9.5 million. Having seen the results of Q3 2012 and the nine months of 2012, the Company fully sustains this forecast.

7. Information on dividend payment

For the period ended September 30th, 2012 no dividend was paid.

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

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

In the three month period ended on September 30th, 2012 the Company did not receive any information about any change in this structure.

Name	Number of shares	% of share capital	Number of votes	% of votes
KS Holdings Ltd	25,676,361	46.26%	25,676,361	46.26%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. (Quercus Parasolowy SFIO and Quercus Absolutnego Zwrotu FIZ)*	3,274,931	5.90%	3,274,931	5.90%
Alpha Ventures S.A.	3,200,000	5.76%	3,200,000	5.76%
Aviva Investors Poland S.A. funds (Aviva Investors Fundusz Inwestycyjny Otwarty and Aviva Investors Specjalistyczny Fundusz Inwestycyjny Otwarty)**	2,919,414	5.26%	2,919,414	5.26%
ING OFE	2,872,954	5.18%	2,872,954	5.18%
ASBISc Enterprises PLC (buy-back program)	152,628	0.275%	152,628	0.275%
Free float	17,403,712	31.36%	17,403,712	31.36%
Total	**55,500,000**	**100.00%**	**55,500,000**	**100.00%**

* Including 2,775,045 shares corresponding to 5.00% votes at the AGM held by Quercus Parasolowy SFIO - according to notification dated December 9th, 2011.
** According to notification dated August 18th, 2010.

9. Changes in the number of shares owned 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. During the three month period ended on 30 September 2012 as well as in the period between August 9th, 2012 (the date of the publication of the H1 2012 results) and November 7th, 2012 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

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)	25,718,127	46.34%
Laurent Journoud	400,000	0.72%
Marios Christou	350,000	0.63%
Constantinos Tziamalis	35,000	0.06%
Efstathios Papadakis	0	0%
Kyriacos Christofi	0	0%
Chris Pavlou	0	0%

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

10. Changes in the members of managing bodies

During the three month period ended September 30th, 2012 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, 2012, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

12. Related Party Transactions

During the three months ended September 30th, 2012 we did not have any material related party transaction exceeding the Polish Zloty equivalent of Euro 500 thousand other than typical or routine transactions operated by the Group.

13. Information on guarantees granted to third parties

Neither us, nor any of our affiliates or subsidiary companies have granted any guarantees or secured any third party credits for an amount exceeding 10% of its equity within the three months ended September 30th, 2012. The total bank guarantees raised by the Group (mainly to Group suppliers) as at September 30th, 2012 was U.S. $ 5,719 – as per note number 21 to the financial statements – which is less than 10% of the Company's equity.

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

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

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

In the three month period ended September 30th, 2012 the Company's results of operations have been affected and are expected to continue to be affected by a number of factors, including the effects of currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosion, the worldwide unstable financial environment, credit risk and seasonality.

Despite the tough economic environment the Company was able to improve its results at all levels, beginning from revenues, that grew significantly faster than markets itself. Gross profit grew significantly even despite small decrease in gross profit margins, arising from weaker market conditions in different countries. Expenses remained under control, since administrative expenses decreased significantly and selling expenses grew significantly slower than revenues and gross profit.

What is also important, the Company was again able to secure itself from high volatility of its trading currencies against USD and volatility of EUR/USD pair. The hedging actions have shielded the Company from any material currency losses, similarly to previous quarters of 2012. This confirms the effectiveness of the foreign exchange hedging strategy adopted by the Company; it is the Company's intention to further enhance this policy going forward.

As a result gross profit, EBITDA and net profit after taxation grew significantly, compared to the corresponding period of 2011.

The Company's management strongly believes that if the overal economic situation will not change dramatically, further improvement of results will be visible in Q4 2012 and in 2013.

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

Currency fluctuations

As mentioned in previous reports, the Company's reporting currency is the U.S. dollar. About 50% of the Company's revenues are denominated in U.S. dollars, while the balance is denominated in Euro and other currencies, some of which are linked to the Euro. Since most of the Company's trade payable balances are denominated in U.S. dollars (about 80%), the Company is exposed to foreign exchange risk that remains a crucial risk factor that might affect the Group's results in the future. Although the problem persists and will persist as the Euro and other Eastern European currencies fluctuate in a steep manner against the U.S. Dollar, the Group's reporting currency - the Group has adopted hedging strategies to tackle this problem and become successful. This was visible also in Q3 2012, when despite fluctations in the currency environment (see below chart), the Company was again able to limit the FX influence on its results. The Company lost on currencies only about U.S.$ 48 in Q3 2012 as the currency movements on gross profit were offset by financial income.

EUR/USD in Q3 2012

Competition and price pressure

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

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

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

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

Low gross profit margins

The Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects them to remain low in the foreseeable future. Increased competition arising from industry consolidation and low demand for certain IT products may hinder the Company's ability to maintain or improve its gross margins. A portion of the Company's operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. As a result, the Company may not be able to reduce its operating expenses as a percentage of revenue in order to mitigate any reductions in gross margins in the future. In order to tackle this problem, the Company continues its strategy of product portfolio diversification by adding more A-branded goods, laptops, software, smartphones and more own brands sales to traditional IT components business, in order to reach better margins in the future.

Inventory obsolescence and price erosion

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

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 60 days or, in a few cases, to 90 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 in which the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company's profit margin is relatively low compared to the total price of the products sold, in the event the Company is unable 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 50 percent of its revenue.

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

Worldwide financial environment

The world's financial crisis has eased throughout 2010 and 2011. This included recovery signals from some of our markets (especially in the Former Soviet Union countries), and stabilization in some of others. Following some recovery the Company undertook efforts to benefit from these signals both in revenues and profitablity. The revised strategy and adaptation to the new environment, i.e. by rebuilding product portfolio, paid off in terms of increased market share and sales.

However, there are many uncertainties about the world economy and especially the Euro-zone - followed by volatility of currencies and fragility of demand in many markets. Although the Company was able to secure itself from these factors in Q3 2012 (i.e. there were no major currency losses) similarly to several previous periods, it is of extreme importance to follow this strategy in future periods and focus more on growing profitability rather than just on growing revenues.

Seasonality

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

After temporary changes in the traditional seasonality, observed in 2008 and 2009, the trend returned in 2010 and was also clearly visible in Q3 2012. If there will be no dramatical changes in the overall economic surrounding, traditional seasonality effect is expected to be seen also in Q4 2012. This would mean growth in sales and profits since last quarter of the year traditionally allows to produce about 50% of the annual profits. However, due to a lot of uncertainities about economic situation in Europe, the Company decided to focus more on profitability than on revenues itself, as was the case of several last quarters.

Results of Operations

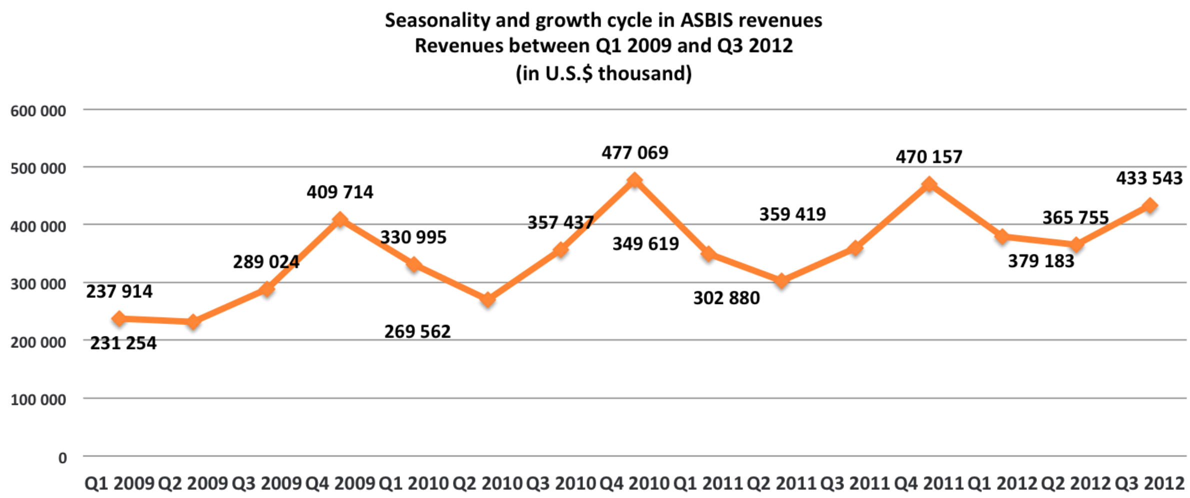
Three and nine month periods ended 30 September 2012 compared to the three and nine month periods ended 30 September 2011

Revenues:

Revenues in Q3 2012 increased by 20.62% to U.S. $ 433,543 from U.S. $ 359,419 in the corresponding period of 2011.

Revenues in Q1-Q3 2012 increased by 16.46% to U.S. $ 1,178,481 from U.S. $ 1,011,918 in the corresponding period of 2011.

This was possible mostly because of stronger position of the Company in its markets, gained at a cost of weakening competition from smaller distributors, and also because of upgraded product portfolio. It is expected that sales levels will continue to grow and will reach annual peak in Q4 2012, due to traditional seasonality effect.



- **Gross profit:** Gross profit grew significantly both before and after currency movements in Q3 2012 and for the nine months of 2012. This was due to higher sales and effective FX hedging.

  <u>Before currency movements:</u>

- Gross profit before currency movements in Q3 2012 increased by 15.89% to U.S. $ 20,409 from U.S. $ 17,611 in the corresponding period of 2011.

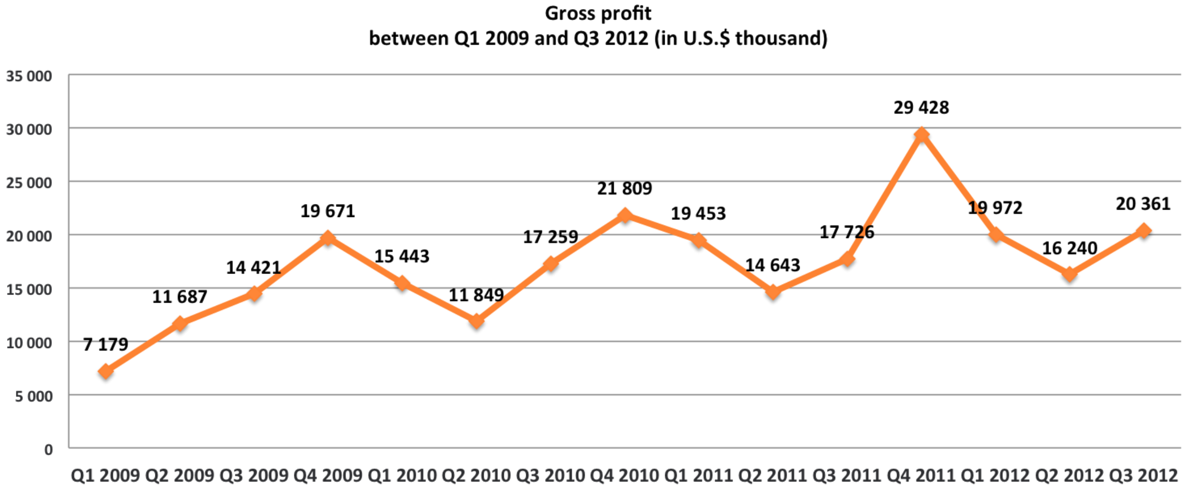
- Gross profit before currency movements in Q1-Q3 2012 increased by 11.51% to U.S. $ 57,301 from U.S. $ 51,386 in the corresponding period of 2011.

After currency movements:

- Gross profit after currency movements in Q3 2012 increased by 14.86% to U.S. $ 20,361 from U.S. $ 17,726 in the corresponding period of 2011.

- Gross profit after currency movements in Q1-Q3 2012 increased by 9.17% to U.S. $ 56,573 from U.S. $ 51,821 in the corresponding period of 2011.

  Due to effectiveness of the Company's operations in all of its countries, continuation of growth in gross profit is expected in Q4 2012, assuming the overall economic environment will not change dramatically.



- **Gross profit margin:** Although the Company was able to generate more revenues, margins decreased in Q3 2012 and in the first nine months of 2012. This was mostly due to specific issues faced with a number of components and laptop suppliers as well as due to overall economic surrounding, that makes customers pushing for lower margins. It is expected that gross profit margins will grow again in the last quarter of the year due to traditional seasonality effect.

  Gross profit margin in Q3 2012 decreased by 4.77% to 4.70% from 4.93% in the corresponding period of 2011.

  Gross profit margin in Q1-Q3 2012 decreased by 6.26% to 4.80% from 5.12% in the corresponding period of 2011.

- **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 gross profit however in Q3 2012 the Company was able to limit this growth compared to growth in revenues and in gross profit, and in the first nine months of 2012 the selling expenses were actually decreased, despite growth in profits. This was possible due to changes in cost structure that tied selling expenses more to gross profit than on revenues. As a result:.

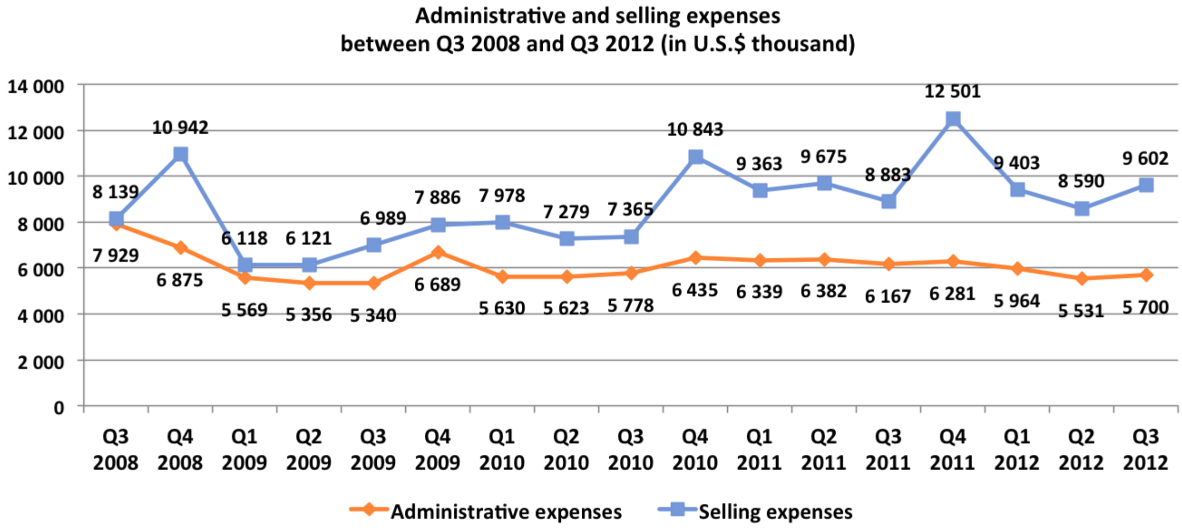
  Selling expenses in Q3 2012 increased by 8.09% to U.S. $ 9,602 from U.S. $ 8,883 in the corresponding period of 2011, significantly slower than revenues and gross profit.

  Selling expenses in Q1-Q3 2012 decreased by 1.17% to U.S. $ 27,595 from U.S. $ 27,920 in the corresponding period of 2011, even despite the growth in revenues and gross profit.

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

  Administrative expenses in Q3 2012 decreased by 7.57% to U.S. $ 5,700 from U.S. $ 6,167 in the corresponding period of 2011.

  Administrative expenses in Q1-Q3 2012 decreased by 8.96% to U.S. $ 17,195 from U.S. $ 18,888 in the corresponding period of 2011.



- **Operating profit:** In Q3 2012 *operating profit grew by 89.03% to U.S.$ 5,059 from U.S.$ 2,676 in the corresponding period of 2011.*

  For the first nine months of 2012 operating profit grew by 135.04% to U.S.$ 11,783 from U.S.$ 5,013 in the corresponding period of 2011.

  This clearly shows a constant upgrade in the Company's operations and efficiencies that allow the Company's management to be optimistic about future results. Therefore it is expected that operating profit will grow again in Q4 2012.

- **EBITDA:** In Q3 2012 increased by 69.85% to U.S. $ 5,792 from U.S. $ 3,410 in the corresponding period of 2011.

  For the first nine months of 2012 EBITDA increased by 89.85% to U.S. $ 13,827 from U.S. $ 7,283 in the corresponding period of 2011.

- **Net profit/loss:** Net profit after taxation in Q3 2012 increased by 296.91% to U.S. $ 2,030 from U.S. $ 511 in the corresponding period of 2011. It is especially important that this profit was generated with almost no currency losses or gains, but from clear operations. This clearly shows a step ahead in the Company's strategy to hedge itself from currency volatilities.

  As a result, net profit after taxation for the first nine months of 2012 reached U.S. $ 4,605 in comparison to a net loss after taxation of U.S. $ 2,615 in the corresponding period of 2011. This was mainly because of growth in revenues and gross profit, as well as due to better controlled expenses.

Sales by regions and countries

Traditionally and throughout the Company's operations F.S.U. countries and CEE region are contributing the majority of our revenues. This was also the case in Q3 2012, although we grew significantly in all other major regions of our operations. Revenues derived from F.S.U. countries grew by +18.45% in Q3 2012 and by 16.48% in the nine months of 2012 compared to the corresponding periods of 2011. As a result this region contribution in our total revenues was 41.64% in Q3 2012 and to 40.78% for the nine months of 2012. Revenues derived in CEE countries grew by 28.29% in Q3 2012 and by 17.67% for the nine months of 2012 compared to the corresponding periods of 2011. In both, Q3 2012 and in the nine months of 2012 we had also significant growths in the Middle East and Africa (+2.17% and 15.41% respectively) and in Western Europe (+31.88% and +12.96% respectively). Strong growth in all these regions allowed the Company to produce a major +20.62% growth in revenues in Q3 2012 which resulted in +16.46% growth after nine months of 2012. This is expected to continue, since Q4 is traditionally the strongest period of a year, under the condition that there will be no dramatic changes in overall market situation.

Country-by-country analysis confirms that even with the recent turbulences in the world's economy, the Company is able to deliver growing sales, even despite the fact that our main focus is on generating good margins, and not increasing sales at all cost. Revenues derived in the two biggest markets – Russia and Ukraine – grew significantly in Q3 2012 compared to Q3 2011, and remained stable in Slovakia. In the same time we also grew in some other countries of our top 10 list, like United Arab Emirates (+17.75%), Kazakhstan (+2.80%) and Bulgaria (+280.95%).

The table below provides a geographical breakdown of sales in the three month periods ended September 30th, 2012 and 2011.

	Q3 2012		Q3 2011	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	180,546	41.64%	152,428	42.41%
Central and Eastern Europe	152,510	35.18%	118,880	33.08%
Middle East and Africa	56,467	13.02%	55,267	13.15%
Western Europe	28,481	6.57%	21,597	6.01%
Other	15,539	3.58%	11,247	5.36%
Total	433,543	100%	359,419	100%

Revenue breakdown – Top 10 countries in Q3 2012 and Q3 2011 (in U.S. Dollar thousand)

	Q3 2012		Q3 2011	
	Country	Sales U.S. $ thousand	Country	Sales U.S. $ thousand
1.	**Russia**	94,747	**Russia**	86,765
2.	**Ukraine**	47,975	**Ukraine**	38,382
3.	**Slovakia**	36,219	**Slovakia**	36,256
4.	**Bulgaria**	32,517	**United Arab Emirates**	26,808
5.	**United Arab Emirates**	31,566	**Czech Republic**	19,719
6.	**Czech Republic**	17,832	**Kazakhstan**	17,001
7.	**Kazakhstan**	17,476	**Saudi Arabia**	11,931
8.	**Belarus**	16,971	**Romania**	9,250
9.	**Lithuania**	13,544	**Bulgaria**	8,536
10.	**Hungary**	12,033	**Croatia**	8,153
11.	**Other**	112,664	**Other**	96,619
	Total revenue	433,543	**Total revenue**	359,419

Sales by product lines

Despite the fact that Q3 contains the summer months, that are traditionally low season, the Group was able to generate growth of overall revenues. The dynamics of different main product lines were a result of both the market situation and the Company's strategy to focus on sales at good margin.

The table below sets a breakdown of revenues, by product, for Q3 2012 and 2011 (U.S.$ thousand):

	Q3 2012		Q3 2011	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central processing units (CPUs)	67,011	15.46%	86,082	23.95%
Hard disk drives (HDDs)	46,760	10.79%	45,001	12.52%
Software	29,826	6.88%	33,095	9.21%
PC-mobile (laptops)	134,248	30.97%	85,601	23.82%
Other	155,698	35.91%	109,640	30.50%
Total revenue	**433,542**	**100%**	**359,419**	**100%**

In the three month period ended September 30th, 2012:

- Revenue from sale of central processing units ("CPUs") decreased by 22.15% to U.S. $ 67,011 from U.S. $ 86,082 in the corresponding period of 2011. This was due to decreased unit sales related mostly to changes in product offering of main manufacturers.

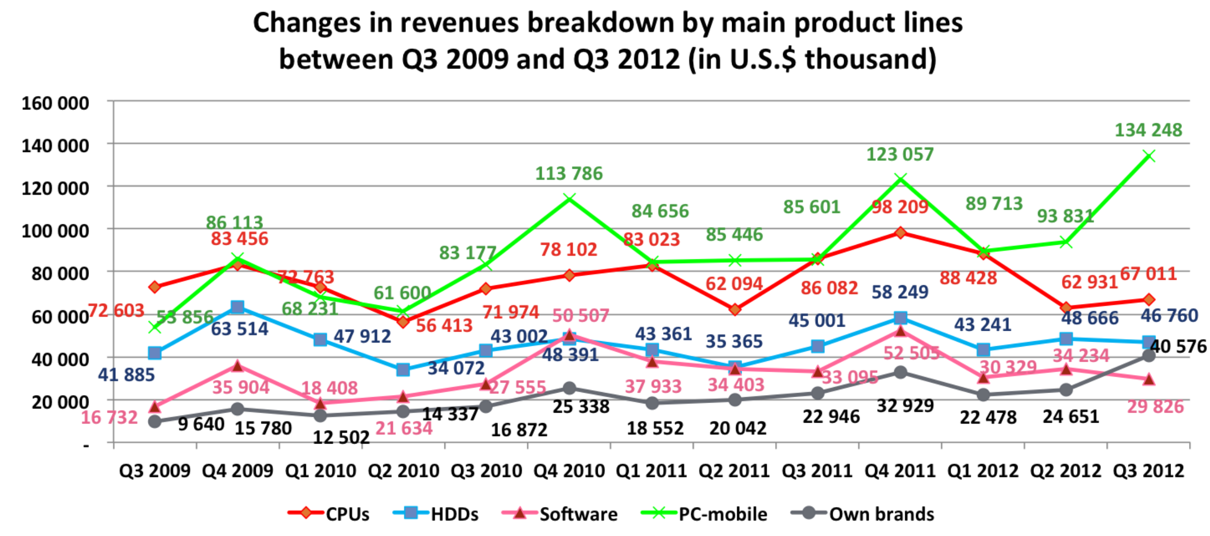
- Revenue from sale of hard disk drives ("HDDs") increased by 3.91% to U.S. $ 46,760 from U.S. $ 45,001 in the corresponding period of 2011. This was mostly due to growing average selling price that offset lower unit sales.

- Revenue from sale of software decreased by 9.88% to U.S. $ 29,826 from U.S. $ 33,095 in the corresponding period of 2011. This was mostly due to decrease of the average selling price since the Company replaced slower selling Microsoft' licenses with other software (i.e. Symantec, Kerio, Kaspersky) in many countries. Since the unit sales is growing significantly the Company expects to benefit from this change in the future.

- Revenue from sale of PC-mobile ("laptops") increased by 56.83% to U.S. $ 134,248 from U.S. $ 85,601 in the corresponding period of 2011. This was mostly due to strong growth in unit sales.

In Q3 2012 the four main product lines share in total revenue was 64.09% compared to 69.50% in the corresponding period of 2011. This was a result of strong growth in sales of own brands – Canyon and Prestigio. The Company is developing it since they traditionally allow the Company to reach double-digit gross margins. Own brands contribution in total sales revenue was 9.37% in Q3 2012 and 7.46% in the first nine months of 2012 - significantly higher than in any of the preceding quarters of 2011 or 2012. It is the Company's intention to further develop own brands sales so that in the medium term their contribution in total sales revenue will reach 10%. This should be possible because of undertaken efforts to rebuild the own brands product portfolio in the direction of lighter technology. However, as total sales grow fast, the Company focuses more on the profitability delivered by own brands, which is significantly higher than in other product lines.

Apart from its main product categories, the Group is developing segments with high margins, like accessories and multimedia (+52.66%), flash memory and SSD (+40.76%) and networking products (+97.26%) that grew significantly in Q3 2012 compared to the corresponding period of 2011.



The Group is also focusing on improving its margins and decreasing reliance on the traditional components segment by broadening its product portfolio and signing more distribution agreements with mostly finished-goods vendors. In Q3 2012 we have signed a number of new agreements including agreements with: Evault (for Eastern Europe and the Middle East), Cisco, Ferrari by Logic3, GLOBO and McAfee (Retail Solutions in Russian market).

The table below presents revenue breakdown by product lines after the first nine months of 2012 and 2011 (U.S.$ thousand):

	Q1-Q3 2012		Q1-Q3 2011	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central processing units (CPUs)	218,370	18.53%	231,199	22.85%
Hard disk drives (HDDs)	138,666	11.77%	123,726	12.23%
Software	94,389	8.01%	105,431	10.42%
PC-mobile (laptops)	317,792	26.97%	255,703	25.27%
Other	409,263	34.73%	295,859	29.24%
Total revenue	**1,178,481**	**100%**	**1,011,918**	**100%**

The Company is also pushing for development of smartphones segment by signing agreements for different countries. This is due to market expectations that smartphones segment will grow significantly in the next couple of years.

Development of product portfolio shall be further continued, as it is one of the best solutions to gain market share and improve results in particular countries.

It is expected that the growth trend will continue also in Q4 2012 and help the Company to fulfill the financial forecasts for 2012 assuming revenues between U.S. $ 1.55 billion and U.S.$ 1.65 billion, and net profit after tax between U.S. $ 7.5 million and U.S. $ 9.5 million.

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses and capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing.

The following table presents a summary of cash flows for the nine months ended September 30th, 2012 and 2011:

	Nine months ended September 30th	
	2012	2011
	U.S. $	
Net cash outflows from operating activities	(55,122)	(30,902)
Net cash outflows from investing activities	(1,367)	(3,303)
Net cash inflows/(outflows) from financing activities	13,347	(6,720)
Net decrease in cash and cash equivalents	(43,142)	(40,925)

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 55,122 for the nine months ended September 30th, 2012, compared to outflows of U.S. $ 30,902 in the corresponding period of 2011. This is primarily due to worsening of working capital as well as increased revenues in Q3 2012. However it is expected that the operating cash flow will become better in Q4 2012, as usual in this part of the year.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 1,367 for the nine months ended September 30th, 2012, compared to U.S. $ 3,303 in the corresponding period of 2011. This was mostly due to lower expenditure for real-estate purchases and refurbishment.

Net cash inflows/(outflows) from financing activities

Net cash inflows from financing activities was U.S. $ 13,347 for the nine months ended September 30th, 2012, compared to outflows of U.S. $ 6,720 for the corresponding period of 2011. This was primarily due to lower cost of financing and more available bank lines in certain countries that the Company used to support significant growth in revenues.

Net decrease in cash and cash equivalents

As a result of the Company's efforts to serve growing demand and increased sales, the cash and cash equivalents position decreased by U.S. $ 43,142 for the nine months ended September 30th, 2012, compared to a decrease of U.S. $ 40,925 in the corresponding period of 2011.

16. Factors which may affect our results in the future

Political and economic stability in Europe and our regions

Uncertainty in the Euro-zone and the debt-crisis observed recently in Europe affects banks and consumers' purchasing power, demand in the markets and gross profit margins. Therefore, it is of extreme importance for the Company to adapt its strategy to the recent economic and political developments and react fast to the external environment (products, vendors and customer relations) in order to continue its growth in sales and ensure sales are conducted with satisfactory margins.

Having in mind the lesson learnt during crisis, the management strongly believes that the Company is much better prepared to weather any changes that may arise following political and economic swings in Europe and worldwide.

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

The very well diversified geographic coverage of the Group's revenues ensures that the Company mitigates the risk of lower sales in a particular country with the possibility of higher sales in a number of other countries. However, still Russia (as a country) and F.S.U. (as a region) are the biggest contributors of the Company's revenues. Therefore, it is very important to adapt to any market changes that might arise. This means both a constant upgrade of product portfolio and close relations with customers are continued to be refined by the company in order to weather any unforeseen issues that might appear in the future.

This will be especially important for Ukraine in Q4 2012, since many analysts expect a devaluation of the local currency , which may affect the purchasing power of our customers. The Company already prepared for such a scenario by applying different hedging tools.

The Group's ability to increase gross profit margins

In Q3 2012 the gross profit margins achieved by the Company decreased due to overall situation in the world's economy that resulted in lighter demand and decreased margins from customers. Some changes in margins on A-branded goods like laptops also had a significant role. However these are perceived as temporary, and is expected to perish together with stabilization of Euro-zone and traditional seasonality in Q4 2012 or in 2013. Therefore it is of extreme importance for the Company to continue refining of its product portfolio to increase gross profit margins and generate increasing profits.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Currency movements during Q3 2012 were weathered by the hedging policy of the Group, which has proven successful and should be followed without exception (even despite the fact that this hedging policy limits not only risk of currency losses, but also possibility of currency gains when local currencies moves favourably against U.S. Dollar).

Q3 2012 was the fifth consecutive quarter when the currency volatility was high but the Company has not suffered any major currency losses. The overall impact of currencies of Q3 2012 results was only about U.S.$ 48 loss (as the currency movements on gross profit were offset by hedging). This confirms the management opinion that the Company's hedging policy works well. Having in mind the recent political and economic developments in Euro-zone connected with debt-crisis, it is very important to adapt to any market changes as they appear, and therefore to avoid any negative scenario.

Ability of the Group to control expenses:

The worldwide crisis has led the Group to take severe cost cutting actions during 2009. Following the increased demand and improved business environment, the Group decided to invest into human capital and proceeded with hiring personnel at positions which are considered critical in order to ensure better service of the markets and customers, which has driven expenses in Q1-Q3 2011. As these investments have not paid off to the expected level of profit, reduction of expenses continued in 2011. It is important to underline that while the administrative expenses are under strict control, also selling expenses structure was rebuilt to only grow at a slower pace than the growth of gross profit. The effect of these actions was clearly visible in Q3 2012 when admin expenses decreased significantly and selling expenses grew significantly slower than revenues and gross profit. For the nine months of 2012 both selling and admin expenses decreased, despite higher sales and profitability.

Ability to further develop its product portfolio:

Because of its size, geographical coverage and good relationships with vendors, the Company has managed to build an extensive product portfolio, which has played a significant role in our increased revenues during the twelve months of 2011. This was continued in both Q3 2012 and for the nine months of 2012 when the Company has signed a number of new contracts refining its product portfolio in several countries. It is very crucial for the Company to continue refining its product mix constantly by adding new product lines with higher gross (and net) profit margins which are expected to boost its profitability.

17. Information about important events that occurred after the period ended on September 30th, 2012 and before this report release

According to our best knowledge, in the period between September 30th, 2012 and November 7th, 2012 no events have occurred that could affect the Company's operations or its financial stability.

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 2012

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

C o n t e n t s

INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Notes	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Revenue	5, 25	433.542.498	359.419.439	1.178.480.880	1.011.918.263
Cost of sales		(413.133.629)	(341.808.466)	(1.121.180.378)	(960.531.979)
Gross profit before currency movements		20.408.869	17.610.973	57.300.502	51.386.284
Currency movements on gross profit	6	(47.882)	115.218	(727.327)	434.987
Gross profit after currency movements		20.360.987	17.726.191	56.573.175	51.821.271
Selling expenses		(9.602.113)	(8.883.082)	(27.594.809)	(27.920.405)
Administrative expenses		(5.699.984)	(6.166.879)	(17.194.977)	(18.887.489)
Profit from operations	25	5.058.890	2.676.230	11.783.389	5.013.377
Financial expenses	8	(2.647.490)	(2.156.375)	(6.828.702)	(7.384.459)
Financial income	8	118.250	82.312	491.771	162.977
Other gains and losses	7	116.632	192.143	458.949	344.607
Impairment of goodwill		-	(50.213)	-	(50.213)
Share of (loss)/profit from joint ventures	30	(57.511)	828	(150.458)	(159.940)
Profit/(loss) before taxation	9, 25	2.588.771	744.925	5.754.949	(2.073.651)
Taxation	10	(558.976)	(233.519)	(1.149.526)	(541.729)
Profit/(loss) after taxation		2.029.795	511.406	4.605.423	(2.615.380)
Attributable to:					
Non-controlling interest		7.073	158.158	30.638	15.136
Owners of the parent		2.022.722	353.248	4.574.785	(2.630.516)
		2.029.795	511.406	4.605.423	(2.615.380)
		US$ cents	US$ cents	US$ cents	US$ cents
Earnings per share					
Basic and diluted from continuing operations		3,64	0,64	8,24	(4,74)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Profit/(loss) after taxation	2.029.795	511.406	4.605.423	(2.615.380)
Other comprehensive income/(loss):				
Exchange difference on translating foreign operations	924.015	(1.648.124)	389.574	(101.531)
Other comprehensive income/(loss) for the period	924.015	(1.648.124)	389.574	(101.531)
Total comprehensive income/(loss) for the period	2.953.810	(1.136.718)	4.994.997	(2.716.911)
Total comprehensive income/(loss) attributable to:				
Non-controlling interests	10.421	150.492	30.602	17.697
Owners of the parent	2.943.389	(1.287.210)	4.964.395	(2.734.608)
	2.953.810	(1.136.718)	4.994.997	(2.716.911)

ASBISC ENTERPRISES PLC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

ASSETS	Notes	Unaudited as at 30 September 2012 US$	Audited as at 31 December 2011 US$
Non-current assets			
Goodwill	29	550.517	550.517
Property, plant and equipment	16	25.968.923	26.624.374
Investment in joint ventures	30	237.167	387.625
Available-for-sale financial assets	18	9.580	9.580
Intangible assets	17	1.361.298	1.507.203
Deferred tax assets	11	715.265	870.510
Total non-current assets		28.842.750	29.949.809
Current assets			
Inventories	12	127.999.585	111.640.208
Trade receivables	13	257.998.374	237.990.821
Other current assets	14	19.996.785	9.315.104
Derivative financial asset	15	36.196	559.106
Current taxation	10	607.634	427.765
Cash at bank and in hand	26	15.979.802	48.868.023
Total current assets		422.618.376	408.801.027
Total assets	25	451.461.126	438.750.836
EQUITY AND LIABILITIES			
Equity			
Share capital	24	11.100.000	11.100.000
Share premium		23.518.243	23.518.243
Retained earnings and other components of equity		63.399.631	60.758.056
Equity attributable to owners of the parent		98.017.874	95.376.299
Non-controlling interests		131.816	394.835
Total equity		98.149.690	95.771.134
Liabilities			
Non-current liabilities			
Long term liabilities	22	4.011.823	4.354.620
Long term obligations under finance leases	23	82.841	93.056
Total non-current liabilities		4.094.664	4.447.676
Current liabilities			
Trade payables		224.866.281	244.663.923
Other current liabilities	19	50.838.526	47.248.478
Derivative financial liability	20	411.741	1.215
Current taxation	10	296.520	89.476
Short term obligations under finance leases	23	57.627	171.339
Bank overdrafts and short term loans	21	72.746.077	46.357.595
Total current liabilities		349.216.772	338.532.026
Total liabilities		353.311.436	342.979.702
Total equity and liabilities		451.461.126	438.750.836

The financial statements were approved by the Board on 6 November 2012.

Siarhei Kostevitch
Director

Marios Christou
Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Attributable to owners of the parent							
	Share capital US$	Share premium US$	Treasury stock US$	Retained earnings US$	Translation of foreign operations US$	Total US$	Non-controlling interests US$	Total equity US$
Balance at 1 January 2011	11.100.000	23.518.243	-	57.224.454	(507.320)	91.335.377	431.509	91.766.886
Loss for the period 1 January 2011 to 30 September 2011	-	-	-	(2.630.516)	-	(2.630.516)	15.136	(2.615.380)
Other comprehensive loss for the period 1 January 2011 to 30 September 2011	-	-	-	-	(104.092)	(104.092)	2.561	(101.531)
Dividend payment to non-controlling interests	-	-	-	-	-	-	(150.386)	(150.386)
Balance at 30 September 2011	11.100.000	23.518.243	-	54.593.938	(611.412)	88.600.769	298.820	88.899.589
Profit for the period 1 October 2011 to 31 December 2011	-	-	-	8.048.058	-	8.048.058	227.542	8.275.600
Other comprehensive loss for the period 1 October 2011 to 31 December 2011	-	-	-	-	(1.268.671)	(1.268.671)	(5.394)	(1.274.065)
Dividend payment to non-controlling interests	-	-	-	-	-	-	(126.133)	(126.133)
Buyback of shares	-	-	(3.857)	-	-	(3.857)	-	(3.857)
Balance at 31 December 2011	11.100.000	23.518.243	(3.857)	62.641.996	(1.880.083)	95.376.299	394.835	95.771.134
Profit for the period 1 January 2012 to 30 September 2012	-	-	-	4.574.785	-	4.574.785	30.638	4.605.423
Other comprehensive income for the period 1 January 2012 to 30 September 2012	-	-	-	-	389.610	389.610	(36)	389.574
Payment of final dividend	-	-	-	(2.214.643)	-	(2.214.643)	-	(2.214.643)
Acquisition of shares from non-controlling interests (note 31)	-	-	-	(6.379)	-	(6.379)	(293.621)	(300.000)
Buyback of shares	-	-	(101.798)	-	-	(101.798)	-	(101.798)
Balance at 30 September 2012	11.100.000	23.518.243	(105.655)	64.995.759	(1.490.473)	98.017.874	131.816	98.149.690

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Notes	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Profit/(loss) for the period before tax and minority interest		2.588.771	744.925	5.754.949	(2.073.651)
Adjustments for:					
Exchange difference arising on consolidation		551.814	(793.468)	388.548	(416.116)
Provision for bad debts and receivables written off		646.319	332.694	1.586.131	948.148
Bad debts recovered	7	(1.050)	(14.250)	(37.657)	(22.498)
Depreciation of property, plant and equipment	9, 16	567.246	584.911	1.682.548	1.808.702
Amortisation of intangible assets	9, 17	165.620	148.723	361.439	461.348
Loss arising on business combinations		-	50.213	475	45.849
Share of loss/(profit) from joint ventures	30	57.511	(828)	150.458	159.940
Interest received		(30.205)	(72.784)	(164.372)	(122.804)
Interest paid		1.467.098	1.320.242	3.969.579	3.744.410
Loss from the sale of property, plant and equipment and intangible assets		1.754	14.706	6.147	9.727
Operating profit before working capital changes		6.014.878	2.315.084	13.698.245	4.543.055
Increase in inventories		(12.830.653)	(4.164.472)	(16.494.787)	(2.889.631)
(Increase)/decrease in trade receivables		(38.687.888)	(23.418.811)	(21.570.498)	39.246.516
Increase in other current assets		(4.767.914)	(2.108.754)	(10.219.202)	(1.536.971)
Increase/(decrease) in trade payables		41.424.969	47.283.287	(19.767.931)	(52.500.937)
Increase/(decrease) in other current liabilities		12.019.480	(2.787.428)	4.047.611	(12.823.865)
Increase/(decrease) in other long-term liabilities		42.947	60.247	123.929	(7.855)
Cash inflows/(outflows) from operations		3.215.819	17.179.153	(50.182.633)	(25.969.688)
Taxation paid, net	10	(295.592)	(152.883)	(969.957)	(1.187.704)
Interest paid		(1.467.098)	(1.320.242)	(3.969.579)	(3.744.410)
Net cash inflows/(outflows) from operating activities		1.453.129	15.706.028	(55.122.169)	(30.901.802)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Notes	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Cash flows from investing activities					
Interest received		30.205	72.784	164.372	122.804
Purchase of property, plant and equipment	16	(517.847)	(347.393)	(1.174.966)	(3.197.978)
Purchase of intangible assets	17	(4.328)	(88.457)	(262.097)	(506.734)
Net payments on business combinations		-	-	(285.524)	-
Net cash acquired on business combinations		-	-	112.803	-
Buyback of shares		(10.528)	-	(101.798)	-
Proceeds from sale of property, plant and equipment and intangible assets		7.017	21.809	180.585	279.086
Net cash outflows from investing activities		(495.481)	(341.257)	(1.366.625)	(3.302.822)
Cash flows from financing activities					
Dividends paid to non-controlling interests		-	-	-	(150.384)
Payment of final dividend		-	-	(2.214.643)	-
Repayments of long term loans and long term obligations under finance lease		(23.587)	(601.966)	(476.941)	(635.090)
Proceeds/(repayments) of short term loans and short term obligations under finance lease		5.564.748	(8.938.443)	16.038.814	(5.934.629)
Net cash inflows/(outflows) from financing activities		5.541.161	(9.540.409)	13.347.230	(6.720.103)
Net increase/(decrease) in cash and cash equivalents		6.498.809	5.824.362	(43.141.564)	(40.924.727)
Cash and cash equivalents at beginning of the period		(30.389.067)	(25.379.572)	19.251.306	21.369.517
Cash and cash equivalents at end of the period	26	(23.890.258)	(19.555.210)	(23.890.258)	(19.555.210)

1. Incorporation and principal activities

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

Since 30th October 2007 the company is listed at the Warsaw Stock Exchange.

2. Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2012 have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The interim condensed consolidated financial statements were approved by the Board of Directors on 6 November 2012.

The interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

3. Basis of consolidation

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

4. Significant accounting policies

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

The preparation of the interim condensed consolidated financial statements, according to IFRS's require the group's management to make judgments and estimates which have a material impact on the amounts presented in the financial statements.

These judgments and estimates are consistent with those followed for the preparation of the group's annual financial statements for the year 2011.

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

The accounting policies adopted for the preparation of the interim condensed consolidated financial statements for the nine months ended 30 September 2012 are consistent with those followed for the preparation of the annual financial statements for the year 2011 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 2012. The adoption of new and revised standards and interpretations did not have any material effect on the group's condensed consolidated financial statements.

5. Effects of seasonality

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

6. Currency movements on gross profit	**For the three months ended 30 September 2012 US$**	**For the three months ended 30 September 2011 US$**	**For the nine months ended 30 September 2012 US$**	**For the nine months ended 30 September 2011 US$**
Realised currency movements on trading activities	(1.586.889)	(3.413.270)	(1.697.133)	(2.779.133)
Unrealised currency movements on trading activities	2.750.888	1.839.667	2.228.561	2.610.933
Realised (loss)/gain on executed forward contracts	(164.817)	1.012.129	55.303	(178.408)
Net unrealised (loss)/gain on unexecuted forward contracts	(1.047.064)	676.692	(1.314.058)	781.595
(Loss)/gain on currency movements	(47.882)	115.218	(727.327)	434.987

7. Other gains and losses	**For the three months ended 30 September 2012 US$**	**For the three months ended 30 September 2011 US$**	**For the nine months ended 30 September 2012 US$**	**For the nine months ended 30 September 2011 US$**
Rental income	115.387	89.443	350.936	151.092
Loss on disposal of property, plant and equipment	(1.754)	(14.706)	(6.147)	(9.727)
Bad debts recovered	1.050	14.250	37.657	22.498
Other income	1.949	103.156	76.503	180.744
	116.632	192.143	458.949	344.607

8. Financial expense, net

	For the three months ended 30 September 2012 US$	**For the three months ended 30 September 2011 US$**	**For the nine months ended 30 September 2012 US$**	**For the nine months ended 30 September 2011 US$**
Interest income	30.205	72.784	164.372	122.804
Other financial income	88.045	9.528	196.127	40.173
Net exchange gain	-	-	131.272	-
	118.250	82.312	491.771	162.977
Bank interest	1.467.098	1.320.242	3.969.579	3.744.410
Bank charges	467.415	304.435	1.347.300	1.242.942
Factoring interest	466.924	275.447	1.174.374	774.108
Factoring charges	79.249	102.836	240.007	288.183
Other financial expenses	16.229	53.528	65.316	143.709
Other interest	7.263	13.175	32.126	87.231
Net exchange loss	143.312	86.712	-	1.103.876
	2.647.490	2.156.375	6.828.702	7.384.459
Net	(2.529.240)	(2.074.063)	(6.336.931)	(7.221.482)

9. Profit/(loss) before taxation

	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
The profit/(loss) before taxation is stated after charging:				
(a) Depreciation of property, plant and equipment	567.246	584.911	1.682.548	1.808.702
(b) Amortisation of intangible assets	165.620	148.723	361.439	461.348
(c) Auditor's remuneration	84.182	204.014	308.047	494.446
(d) Directors' remuneration – executive (note 27)	196.274	185.741	504.094	494.714
(e) Directors' remuneration non-executive (note 27)	10.934	10.584	32.446	31.666

10. Taxation

	For the nine months ended 30 September 2012 US$	For the year ended 31 December 2011 US$
(Debit)/credit balance 1 January	(338.289)	490.649
Tax asset on disposal of subsidiary	-	41
Provision for the period/year	1.052.513	1.147.023
Over provision of prior year periods	(63.733)	(38.608)
Exchange difference on retranslation	8.352	(66.652)
Amounts paid, net	(969.957)	(1.870.742)
Net debit balance 30 September/31 December	(311.114)	(338.289)

	For the nine months ended 30 September 2012 US$	For the year ended 31 December 2011 US$
Tax receivable	(607.634)	(427.765)
Tax payable	296.520	89.476
Net	(311.114)	(338.289)

10. Taxation (continued)

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

	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Provision for the period	369.688	309.109	1.052.513	530.405
(Over)/Under provision of prior years	(1.029)	5	(63.733)	4.392
Deferred tax charge/(credit) (note 11)	190.317	(75.595)	160.746	6.932
Charge for the period	558.976	233.519	1.149.526	541.729

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.

11. Deferred tax

	For the nine months ended 30 September 2012 US$	For the year ended 31 December 2011 US$
Debit balance on 1 January	(870.510)	(991.821)
Deferred tax charge for the period (note 10)	160.746	98.000
Exchange difference on retranslation	(5.501)	23.311
Debit balance on 30 September/ 31 December	(715.265)	(870.510)

12. Inventories

	As at 30 September 2012 US$	As at 31 December 2011 US$
Goods held for resale	109.005.484	97.085.963
Goods in transit	21.135.954	16.433.482
Provision for slow moving and obsolete stock	(2.141.853)	(1.879.237)
	127.999.585	111.640.208

13. Trade receivables

	As at 30 September 2012 US$	As at 31 December 2011 US$
Trade receivables	266.144.663	244.645.546
Allowance for doubtful debts	(8.146.289)	(6.654.725)
	257.998.374	237.990.821

14. Other current assets

	As at 30 September 2012 US$	As at 31 December 2011 US$
Other debtors and prepayments	6.217.825	3.428.339
VAT and other taxes refundable	12.683.550	4.828.442
Employee floats	246.724	223.356
Deposits and advances to service providers	848.686	834.967
	19.996.785	9.315.104

15. Derivative financial asset

	As at 30 September 2012 US$	As at 31 December 2011 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency forward contracts	36.196	559.106

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

16. Property, plant and equipment

	Land and buildings US$	Assets under construction US$	Warehouse machinery US$	Furniture and fittings US$	Office equipment US$	Motor vehicles US$	Computer hardware US$	Total US$
Cost								
At 1 January 2011	18.784.078	3.402.910	169.199	2.067.071	2.684.502	3.511.657	5.554.015	36.173.432
Additions	1.386.612	709.493	3.792	252.758	203.921	231.227	612.501	3.400.304
Disposals	-	-	-	(65.558)	(197.050)	(428.094)	(394.254)	(1.084.956)
Transfers	4.112.403	(4.112.403)	-	-	-	-	-	-
Foreign exchange difference on retranslation	(466.212)	-	1.333	(42.047)	(64.033)	(94.373)	(146.967)	(812.299)
At 31 December 2011	23.816.881	-	174.324	2.212.224	2.627.340	3.220.417	5.625.295	37.676.481
Additions	54.945	-	3.667	133.627	351.938	105.145	525.644	1.174.966
Disposals upon disposal of subsidiaries	-	-	-	(8.150)	-	(575)	(3.551)	(12.276)
Disposals	-	-	(15.171)	(97.665)	(28.359)	(340.069)	(168.324)	(649.588)
Foreign exchange difference on retranslation	(11.883)	-	1.023	31.222	23.912	31.748	15.623	91.645
At 30 September 2012	23.859.943	-	163.843	2.271.258	2.974.831	3.016.666	5.994.687	38.281.228
Accumulated depreciation								
At 1 January 2011	1.762.694	-	24.794	1.004.049	1.352.034	1.935.678	3.810.578	9.889.827
Charge for the year	565.426	-	19.285	224.636	261.882	556.936	873.636	2.501.801
Disposals	-	-	-	(39.884)	(138.447)	(351.120)	(393.748)	(923.199)
Foreign exchange difference on retranslation	(83.641)	-	4.377	(41.569)	(60.430)	(92.182)	(142.877)	(416.322)
At 31 December 2011	2.244.479	-	48.456	1.147.232	1.415.039	2.049.312	4.147.589	11.052.107
Charge for the period	424.438	-	14.265	165.604	189.007	359.039	530.195	1.682.548
Disposals upon disposal of subsidiaries	-	-	-	(1.087)	-	(96)	(853)	(2.036)
Disposals	-	-	(9.535)	(69.165)	(4.799)	(260.438)	(165.077)	(509.014)
Foreign exchange difference on retranslation	25.500	-	423	7.686	19.608	20.008	15.475	88.700
At 30 September 2012	2.694.417	-	53.609	1.250.270	1.618.855	2.167.825	4.527.329	12.312.305
Net book value								
At 30 September 2012	21.165.526	-	110.234	1.020.988	1.355.976	848.841	1.467.358	25.968.923
At 31 December 2011	21.572.402	-	125.868	1.064.992	1.212.301	1.171.105	1.477.706	26.624.374

17. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2011	6.511.605	773.258	7.284.863
Additions	154.760	363.746	518.506
Disposals/ write-offs	(307.169)	(84.796)	(391.965)
Foreign exchange difference on retranslation	(52.259)	(18.374)	(70.633)
At 31 December 2011	6.306.937	1.033.834	7.340.771
Additions	131.070	131.027	262.097
Disposals upon disposal of subsidiaries	(1.878)	-	(1.878)
Disposals/ write-offs	(50.753)	(46.001)	(96.754)
Foreign exchange difference on retranslation	8.717	1.426	10.143
At 30 September 2012	6.394.093	1.120.286	7.514.379
Accumulated amortization			
At 1 January 2011	4.983.018	629.693	5.612.711
Charge for the year	456.938	129.212	586.150
Disposals/ write-offs	(245.220)	(51.499)	(296.719)
Foreign exchange difference on retranslation	(53.072)	(15.502)	(68.574)
At 31 December 2011	5.141.664	691.904	5.833.568
Charge for the period	232.468	128.971	361.439
Disposals upon disposal of subsidiaries	(544)	-	(544)
Disposals/ write-offs	(50.116)	(480)	(50.596)
Foreign exchange difference on retranslation	9.363	(149)	9.214
At 30 September 2012	5.332.835	820.246	6.153.081
Net book value			
At 30 September 2012	1.061.258	300.040	1.361.298
At 31 December 2011	1.165.273	341.930	1.507.203

18. Available-for-sale financial assets

	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 30 September 2012 US$	As at 31 December 2011 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
			99.580	(90.000)	9.580	9.580

19. Other current liabilities

	As at 30 September 2012 US$	As at 31 December 2011 US$
Factoring creditors (i)	33.057.795	29.765.116
Non-trade accounts payable	3.673.365	3.233.257
Salaries payable and related costs	1.395.507	1.371.575
VAT payable	3.210.828	4.880.799
Amount due to directors – executive (note 27)	1.175	6.449
Amounts due to directors – non-executive (note 27)	-	10.043
Accruals and deferred income	9.499.856	7.981.239
	50.838.526	47.248.478

(i) As at 30 September 2012 the group enjoyed factoring facilities of US$ 63.824.471 (31 December 2011: US$ 45.740.348). The factoring facilities are secured as mentioned in note 21.

20. Derivative financial liability

	As at 30 September 2012 US$	As at 31 December 2011 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency forward contracts	411.741	1.215

21. Bank overdrafts and short term loans

	As at 30 September 2012 US$	As at 31 December 2011 US$
Bank overdrafts (note 26)	39.870.060	29.616.717
Bank short term loans	32.198.977	16.071.488
Current portion of long term loans	677.040	669.390
	72.746.077	46.357.595

Summary of borrowings and overdraft arrangements

The group as at 30 September 2012 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 52.965.523 (31 December 2011: US$ 52.644.277)
- short term loans/revolving facilities of US$ 34.857.849 (31 December 2011: US$ 24.189.249)
- bank guarantees of US$ 5.718.801 (31 December 2011: US$ 8.704.773)

The group had for the period ending 30 September 2012 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 7,4% (period to 30 September 2011: 6,6%)

21. Bank overdrafts and short term loans (continued)

Summary of borrowings and overdraft arrangements (continued)

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

- First, second and third 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
- Assignment of insurance policies
- Pledged deposits of US$ 1.787.494 (31 December 2011: US$ 1.859.022)

22. Long term liabilities

	As at 30 September 2012 US$	As at 31 December 2011 US$
Bank loans	3.596.523	4.063.249
Other long term liabilities	415.300	291.371
	4.011.823	4.354.620

The bank loans are secured as disclosed in note 21.

23. Finance leases

	As at 30 September 2012 US$	As at 31 December 2011 US$
Obligation under finance lease	140.468	264.395
Less: Amount payable within one year	(57.627)	(171.339)
Amounts payable within 2-5 years inclusive	82.841	93.056

24. Share capital

	As at 30 September 2012 US$	As at 31 December 2011 US$
Authorised		
63.000.000 (2011: 63.000.000) shares of US$ 0,20 each	12.600.000	12.600.000
Issued, called-up and fully paid		
55.500.000 (2011: 55.500.000) ordinary shares of US$ 0,20 each	11.100.000	11.100.000

25. Operating segments

1.1 Reportable segments

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

1.2 Segment revenues

	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Former Soviet Union	180.546.068	152.428.302	480.571.696	412.586.780
Central Eastern Europe	152.509.745	118.879.502	402.282.312	341.870.319
Western Europe	28.481.432	21.597.280	84.449.703	74.759.774
Middle East & Africa	56.466.486	55.266.916	171.836.272	148.891.395
Other	15.538.767	11.247.439	39.340.897	33.809.995
	433.542.498	359.419.439	1.178.480.880	1.011.918.263

1.3 Segment results

	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Former Soviet Union	2.638.600	2.280.201	6.375.931	4.882.714
Central Eastern Europe	1.359.755	1.157.482	2.779.498	870.004
Western Europe	517.820	(205.197)	863.379	68.224
Middle East & Africa	348.799	(457.719)	1.345.150	(809.785)
Other	193.916	(98.537)	419.431	2.220
Profit from operations	5.058.890	2.676.230	11.783.389	5.013.377
Net financial expenses	(2.529.240)	(2.074.063)	(6.336.931)	(7.221.482)
Other gains and losses	116.632	192.143	458.949	344.607
Share of (loss)/profit from joint ventures	(57.511)	828	(150.458)	(159.940)
Impairment of goodwill	-	(50.213)	-	(50.213)
Profit/(loss) before taxation	2.588.771	744.925	5.754.949	(2.073.651)

25. Operating segments (continued)

1.4 Inter-segment revenues

Selling segment	Purchasing segment	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$
Western Europe	Middle East & Africa	319.783	437.084

Selling segment	Purchasing segment	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Western Europe	Middle East & Africa	1.282.415	1.434.179

1.5 Segment capital expenditure (CAPEX)

	As at 30 September 2012 US$	As at 31 December 2011 US$
Former Soviet Union	5.543.746	5.178.003
Central Eastern Europe	11.164.644	11.453.320
Western Europe	250.454	381.430
Middle East & Africa	3.783.829	4.025.647
Unallocated	7.138.065	7.643.694
	27.880.738	28.682.094

1.6 Segment depreciation and amortisation

	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Former Soviet Union	123.439	106.578	335.662	320.533
Central Eastern Europe	239.159	265.673	732.612	846.680
Western Europe	47.716	53.884	146.829	180.235
Middle East & Africa	100.896	107.757	301.102	295.965
Unallocated	221.656	199.742	527.782	626.637
	732.866	733.634	2.043.987	2.270.050

25. Operating segments (continued)

1.7 Segment assets	As at 30 September 2012 US$	As at 31 December 2011 US$
Former Soviet Union	208.317.613	180.309.160
Central Eastern Europe	99.450.896	123.512.702
Western Europe	37.070.922	33.416.766
Middle East & Africa	61.637.399	57.489.213
Total	406.476.830	394.727.841
Assets allocated in capital expenditure (1.5)	27.880.738	28.682.094
Other unallocated assets	17.103.558	15.340.901
Consolidated assets	451.461.126	438.750.836

26. Cash and cash equivalents

	As at 30 September 2012 US$	As at 31 December 2011 US$
Cash at bank and in hand	15.979.802	48.868.023
Bank overdrafts (note 21)	(39.870.060)	(29.616.717)
	(23.890.258)	19.251.306

The cash at bank and in hand balances include an amount of US$ 1.787.494 (31 December 2011: US$ 1.859.022) which represents pledged deposits.

27. Transactions and balances of key management

	For the three months ended 30 September 2012 US$	For the three months ended 30 September 2011 US$	For the nine months ended 30 September 2012 US$	For the nine months ended 30 September 2011 US$
Directors' remuneration – executive (note 9)	196.274	185.741	504.094	494.714
Directors' remuneration - non executive (note 9)	10.934	10.584	32.446	31.666
	207.208	196.325	536.540	526.380

	As at 30 September 2012 US$	As at 31 December 2011 US$
Amount due to directors – executive (note 19)	1.175	6.449
Amount due to directors – non-executive (note 19)	-	10.043
	1.175	16.492

28. Commitments and contingencies

As at 30 September 2012 the group was committed in respect of purchases of inventories of a total cost value of US$ 6.393.184 which were in transit at 30 September 2012 and delivered in October 2012. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase title of the goods had not passed to the group as at the period end.

As at 30 September 2012 the group was contingently liable in respect of bank guarantees of US$ 5.718.801 (31 December 2011: US$ 8.704.773) which the group had extended mainly to its suppliers.

As at 30 September 2012 the group had no other capital or legal commitments and contingencies.

29. Goodwill

	As at 30 September 2012 US$	As at 31 December 2011 US$
At 1 January	550.517	600.730
Goodwill written off (note ii)	-	(50.213)
At 30 September/ 31 December (note i)	550.517	550.517

i. The capitalized goodwill arose from the business combinations of the following subsidiary:

	As at 30 September 2012 US$	As at 31 December 2011 US$
Megatrend D.O.O. Sarajevo	550.517	550.517

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

	As at 30 September 2012 US$	As at 31 December 2011 US$
Euromall Bulgaria EOOD	-	41.416
ION-Ukraine LLC	-	8.797
	-	50.213

30. Investments in joint ventures

	As at 30 September 2012 US$	As at 31 December 2011 US$
Cost		
At 1 January	626.400	737.997
Decrease in share capital	-	(111.597)
At 30 September/ 31 December	626.400	626.400
Accumulated share of profits from joint ventures		
At 1 January	(238.775)	(52.365)
Share of losses from joint ventures during the period/year	(150.458)	(186.410)
At 30 September/ 31 December	(389.233)	(238.775)
Investments in joint ventures recorded under the equity method of consolidation	237.167	387.625

31. Business combinations

1. Acquisitions

1.1. Acquisition of shares from non-controlling interests to 30 September 2012

During the period the group acquired the remaining 33,33% of the share capital of CJSC "ASBIS" in Belarus from the non-controlling interests and now owns the full 100% of its share capital. From the difference between the group’s interest in the net assets acquired and the consideration paid, the following loss arose:

- Loss on the acquisition of shares from non-controlling interest of CJSC "ASBIS" of US$ 6.379 which was debited directly to equity.

Name of entity	Type of operations	Date acquired	% acquired	% owned
CJSC "ASBIS"	Information Technology	1 June 2012	33,33%	100%

1.2. Acquired assets and liabilities

The net carrying value of underlying separately identifiable assets and liabilities transferred to the group at the date of acquisition was as follows:

	As at 30 September 2012 US$
Net identifiable assets and liabilities	880.863
Group’s interest in net assets acquired	293.621
Total purchase consideration	(300.000)
Loss on the acquisition through equity	(6.379)

31. Business combinations (continued)

2. Disposals of subsidiaries

2.1. Disposals to 30 September 2012

During the period the group sold 100% of the share capital of ASBIS KOREA CO. LTD. From the difference between the group's interest in the net assets sold and the consideration received, the following loss arose:

- Loss on sale of ASBIS KOREA CO. LTD of US$ 475 which was debited to the income statement

Name of disposed entity	Type of operations	Date sold/ liquidated	% sold
ASBIS KOREA CO. LTD	Information Technology	22 June 2012	100%

2.2. Disposals 2011

During the year 2011 the group sold 100% of the share capital for one of its dormant subsidiaries ION Ukraine. From the difference between the group's interest in the net assets sold and the consideration received, the following gains arose:

- Gain on sale of ION Ukraine of US$ 10.224 which was credited to the income statement

Name of disposed entity	Type of operations	Date sold/ liquidated	% sold
ION UKRAINE	Information Technology	12 December 2011	100%

2.3. Disposed assets and liabilities

The net carrying value of underlying separately identifiable assets and liabilities disposed from the group at the date of disposal were as follows:

	As at 30 September 2012 US$	**As at 31 December 2011 US$**
Tangible and intangible assets	11.574	-
Inventories	135.411	-
Receivables	30.526	-
Tax receivable	-	41
Other receivables	60.430	-
Payables and accruals	(92.800)	(3.803)
Short term loans	(17.387)	-
Cash and cash equivalents	(112.803)	109
Net identifiable assets and liabilities	14.951	(3.653)
Group's interest in net assets and liabilities sold	14.951	(3.653)
(Loss)/gain on sale of subsidiaries	(475)	10.224
Total sale consideration received	14.476	6.571
Net cash flow arising on transfer:		
Total sale consideration received	14.476	6.571
Cash and cash equivalents disposed	112.803	(109)
Net cash inflow	127.279	6.462

31. Business combinations (continued)
2. Disposals of subsidiaries (continued)

2.4. Financial information regarding disposed subsidiaries

	1 January to disposal date 2012 US$	1 January to disposal date 2011 US$
Revenue for the period	-	-
Loss for the period	-	(1.355)

32. Comparative figures

Where necessary, comparative figures have been restated to coincide with the presentation of the current period's condensed financial statements.

33. Significant events and transactions

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

34. Events after the reporting period

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