THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities immediately.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority ("UKLA"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the UKLA nor the London Stock Exchange has examined or approved the contents of this document.

This document, which is an admission document required by the rules of AIM ("Admission Document"), does not comprise a prospectus for the purposes of the Prospectus Rules. This document does not constitute an offer to the public within the meaning of Section 85 of FSMA, therefore, this document is not an approved prospectus for the purposes of, and as defined in Section 85 of FSMA and has not been prepared in accordance with the Prospectus Rules. This document has not been approved by the FSA or by any other authority which could be a competent authority for the purposes of the Prospectus Rules.

Application has been made for the Existing Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 25 October 2006. The Ordinary Shares are not dealt in, or on, any other recognised investment exchange and no other such applications have been made.

The Directors, whose names and functions appear on page 1, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information.

ASBISc ENTERPRISES PLC

(incorporated and registered in Cyprus with registered number 75069)

Admission to trading on AIM

NOMINATED ADVISER AND BROKER

SEYMOUR PIERCE LIMITED

Share Capital following Admission

Authorised		**Issued and fully paid**	
Number of Ordinary Shares	Nominal Value	Number of Ordinary Shares	Nominal Value
63,000,000	US$ 12,600,000	48,000,000	US$ 9,600,000

Seymour Pierce Limited, which is authorised and regulated by the Financial Services Authority in the United Kingdom and is a member of London Stock Exchange plc, is acting as nominated adviser and broker exclusively for the Company in connection with the Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or any other person in respect of his decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Seymour Pierce Limited as to any of the contents of this document for which the directors of the Company are responsible (without limiting the statutory rights of any person to whom this document is issued). Seymour Pierce Limited will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document. Seymour Pierce Limited has not authorised the contents of, or any part of, this document, and no liability whatsoever is accepted by Seymour Pierce Limited for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Your attention is drawn to Part II of this document, which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.

This document does not constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction and should not be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Australia, the Republic of Ireland, South Africa or Japan or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. Persons into whose possession this document comes should inform themselves about and observe any restrictions as to the Ordinary Shares or the distribution of this document. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States of America, Canada, Australia, the Republic of Ireland, South Africa or Japan.

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DIRECTORS, OFFICERS AND ADVISERS

Directors	John Raymond Hirst (*Non Executive Chairman*) Siarhei Kostevitch *(Chief Executive Officer)* Marios Christou *(Chief Financial Officer)* Veronique Holbrook *(Executive Director)* Laurent Journoud *(Executive Director)* Paul Marshall Swigart *(Non Executive Director)*
Secretary	Confucius Services Limited Themistokli Dervi & Florinis Stadyl Building , 6th Floor P.C 1512, Nicosia, Cyprus
Principal place of Business and Registered Office	Diamond Court 43 Kolonakiou Street Ayios Athanasios CY-4103 Limassol, Cyprus
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Solicitors to the Company	Rosenblatt Solicitors 9-13 St Andrew Street London EC4A 3AF
Solicitors to the Nominated Adviser	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP
Reporting Accountant	Deloitte & Touche LLP Stonecutter Court 1 Stonecutter Street London EC4A 4TR
Auditors	Deloitte & Touche Limited Kanika Business Centre 2nd Floor 319, 28th October Street P.O. Box 58466 CY-3734 Limassol, Cyprus
Financial PR	Financial Dynamics Holborn Gate 26 Southampton Buildings London WC2A 1PB
Depositary	Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Cyprus Registrar	Global Capital Securities and Financial Services Limited Eurosure Building Ground Floor 5 Limassol Avenue CY-2085 Strovolos, Cyprus

ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue prior to Admission	48,000,000
Number of Ordinary Shares in issue immediately following Admission	48,000,000
International Security Identification Number (ISIN)	CY1000031710

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Dealings commence in the Existing Ordinary Shares on AIM	25 October 2006

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Admission"	admission of the Existing Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	the rules of the London Stock Exchange governing the admission to, and operation of, AIM
"Articles"	the articles of association of the Company
"ASBIS"	the brand name under which the Group trades
"Board"	the board of directors of the Company
"Company" or "ASBISc Enterprises"	ASBISc Enterprises Plc, a company incorporated in Cyprus with registered number 75069
"CAGR"	compound annual growth rate
"CEE"	Central and Eastern Europe
"City Code"	the City Code on Takeovers and Mergers
"CREST"	the computerised settlement to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo
"CRESTCo"	CRESTCo Limited
"Depositary"	Capita IRG Trustees Limited acting in its capacity as depositary pursuant to the terms of the agreement for the provision of depositary services entered into between the Company and Capita IRG Trustees Limited
"Depositary Interest"	the Company's depositary interest issued by the Depositary in the ratio of one for one in respect of the each Ordinary Share deposited with the Depositary for conversion to a depositary interest
"Directors"	the directors of the Company whose names are set out on page 1 of this document
"EMEA"	Europe, Middle East and Africa
"EU"	the European Union
"Existing Ordinary Shares"	the 48,000,000 Ordinary Shares in issue at the date of this document
"FSA"	Financial Services Authority of the United Kingdom
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Group"	the Company and its subsidiaries as at the date of this document

"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"Introduction"	the introduction to AIM of the Existing Ordinary Shares
"IT4Profit"	the Group's online supply chain management software
"Law"	Companies Law, Cap. 113
"London Stock Exchange"	London Stock Exchange plc
"Official List"	the Official List of the UKLA
"Options"	options over Ordinary Shares to be granted pursuant to the Share Option Plan
"Ordinary Shares"	the ordinary shares of US$ 0.20 each in the capital of the Company from time to time
"p"	pence sterling
"Prospectus Rules"	the Prospectus Rules published by the FSA from time to time
"Seymour Pierce"	Seymour Pierce Limited
"Shareholder"	a holder of Ordinary Shares
"Share Option Plan"	the share option plan of the Company, a summary of the principal provisions of which are set out in paragraph 9 of Part V of this document
"subsidiary", "subsidiary undertaking", "associated undertaking" and "undertaking"	have the meanings respectively ascribed to them by the United Kingdom Companies Act 1985
"Supplier(s)"	companies which manufacture computer peripherals and components and sell them to the Group who resell them to third parties
"UKLA"	United Kingdom Listing Authority
"uncertificated" or "in uncertificated form"	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
"US$"	United States dollars
"£"	pounds sterling
"C£"	Cypriot pounds

TECHNICAL GLOSSARY

The following definitions apply throughout this document, unless the context requires otherwise:

"Block"	a collection of IT components that form part of a PC, for example, a 'barebone' PC
"CPU"	central processing unit
"HDD"	hard disk drive
"LCD"	liquid crystal display
"MMS"	multi media messaging service
"OEM"	original equipment manufacturer meaning the manufacturer of computer hardware and accessories
"PC"	personal computer
"Peripheral"	an external or internal device attached to a computer for added functionality, such as a scanner
"PLSM"	product line sales manager – a specialist in the sale of specific product lines
"RAM"	random access memory
"SKU"	stock keeping unit, that is, a unique identifying number attributed to a particular product
"USB"	universal serial bus, that is a port that can connect peripheral devices to a PC
"VAR"	value added reseller
"VGA"	video graphics array
"White Label"	a product that is manufactured through the Group and branded with another party's own brand
"Wi-Fi"	wireless fidelity

KEY INFORMATION

This summary highlights information contained elsewhere in this document. This summary does not contain all of the information investors should consider before investing in the Ordinary Shares. The following information is extracted from, and should be read in conjunction with, the full text of this document. Investors should read the whole document and not rely solely on the information in the "Key Information" section.

- The Group, established in 1995, is based in Cyprus and specialises in the distribution of IT components, Blocks and Peripherals with 31 warehouses in 19 countries. Its operations extend to Central-Eastern Europe, the Baltic States, the former Soviet Union, the Middle East and North Africa. The Group has a centralised purchasing system controlled from its Cypriot headquarters buying from worldwide leading manufacturers of computer Components, Blocks and Peripherals.
- The Group supplies the vast geography that it covers through four master distribution centres located in Czech Republic, the Netherlands, Finland and UAE (Dubai). Shipments are made to master distribution centres. These shipments are then split, enabling the Group to deliver a full range of products in-country, thus creating greater efficiency and lowering transport costs.
- The Group uses an online supply chain management system which allows the sales staff in each particular office to have real time knowledge about the expected arrival times of any order from the master distribution centres. The Directors consider that this is key in creating operational efficiencies, not only because products can be sold before they arrive in-country, thereby decreasing inventory days, but also by allowing management to have a 'real time' understanding of sales to inventory ratios.
- The Directors consider that the Group's key success factors and differentiators are:
  - its varied and extensive product portfolio;
  - the size of the Group, allowing it to achieve economies of scale because of its buying power;
  - the distribution infrastructure which lowers the cost of transport and creates operational efficiencies;
  - the internal systems enabling transparency into the supply chain;
  - its localised in-country offices enabling a better understanding of local customers and their requirements;
  - the sales teams trained in the products that they sell, hence providing product specific knowledge to customers; and
  - that the Group has price protection with Suppliers for stock held, so that price benefits are immediately passed onto customers, who are provided with constantly updated prices.
- The Group's key reasons for Admission are as follows:
  - to access future capital for future acquisitions;
  - to incentivise employees by the grant of options; and
  - to raise its profile.

Summary financial information

Set out below is a summary of the Group's financial record for the three years ended 31 December 2005, which has been extracted from the Group's audited accounts as set out in Part III of this document. A summary of the Group's unaudited financial record for the six months ended 30 June 2006, which has been extracted from Part IV of this document, is also set out below.

	Audited Year ended 31 December			*Unaudited six months ended 30 June*
	2003 US$ m	*2004 US$ m*	*2005 US$ m*	*2006 US$ m*
Turnover	679.7	755.7	930.4	426.4
Cost of sales	(653.2)	(728.9)	(892.0)	(408.8)
	26.5	26.8	38.4	17.6
Other operating income	0.5	0.4	0.3	0.1
Expenses	(18.9)	(21.8)	(25.8)	(13.1)
Operating profit	8.2	5.4	12.9	4.6
Other	(1.5)	(2.3)	(3.6)	(1.6)
Profit before tax	**6.7**	**3.1**	**9.3**	**2.9**

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS REFERRED TO IN PART II OF THIS DOCUMENT.

PART I
INFORMATION ON THE GROUP

INTRODUCTION

The Group, established in 1995, is based in Cyprus and specialises in the distribution of IT components, Blocks and Peripherals with 31 warehouses in 19 countries. Its operations extend to Central-Eastern Europe, the Baltic States, the former Soviet Union, the Middle East and North Africa. The Group has a centralised purchasing system controlled by its Cypriot headquarters, buying from worldwide leading manufacturers of computer components, Blocks and Peripherals such as Intel, Seagate, Hitachi and Samsung. The Cyprus office also serves and supports a network of in-country operations. There are four master distribution centres located in the Czech Republic, the Netherlands, Finland and UAE (Dubai) which supply products for both in-country operations and direct to customers.

The turnover of the business has increased every year since its inception with a CAGR for the period 1998-2005 of 30.2 per cent. Turnover for the year ended 31 December 2005 amounted to US$ 930 million with profits before tax of US$ 9.3 million. Approximately 60 per cent. of transactions and more than 50 per cent. of Group's revenues for the year ended 31 December 2005 were transacted or generated online.

The Group combines the international experience of corporate management and the local expertise of its offices in each particular country in which it operates. The Directors consider that an intimate knowledge of Eastern Europe and its myriad of cultures, languages and taxation rules have allowed the Group to forge a premier position in this region and has also enabled it to penetrate the emerging markets of EMEA quickly and cost-effectively. The Directors consider that these same factors form a significant barrier to entry for most multinational competitors. As a result, the Directors consider that the Group is now one of the largest distributors of IT components in Eastern Europe and the only company able to distribute to the vast majority of countries in Eastern Europe. The Group is a top 3 distributor in EMEA for components such as HDDs and CPUs. The Directors consider that the size of its operations means that the Group is able to pass on significant value to its customers.

The Directors consider that the Group's differentiating factors from its local competitors are:

- the broadest product offerings in server, desktop PC and mobile PC segments in the markets in which the Group operates;
- 24/7 online market place, together with some of the quickest response times between ordering and delivery, enabling the Group to pass on the benefit of new prices to customers quickly;
- a centralised purchasing system providing the Group with greater buying power; and
- direct contracts with worldwide leading manufacturers.

In 2002, the Group started its own online business-to-business marketplace using the IT4Profit platform, further details of which are set out on page 11. Within this platform, the Group has also implemented its own end-to-end online supply chain management system in order to effectively manage its multi-jurisdictional marketplace and to allow for automation and increased transparency of its operations.

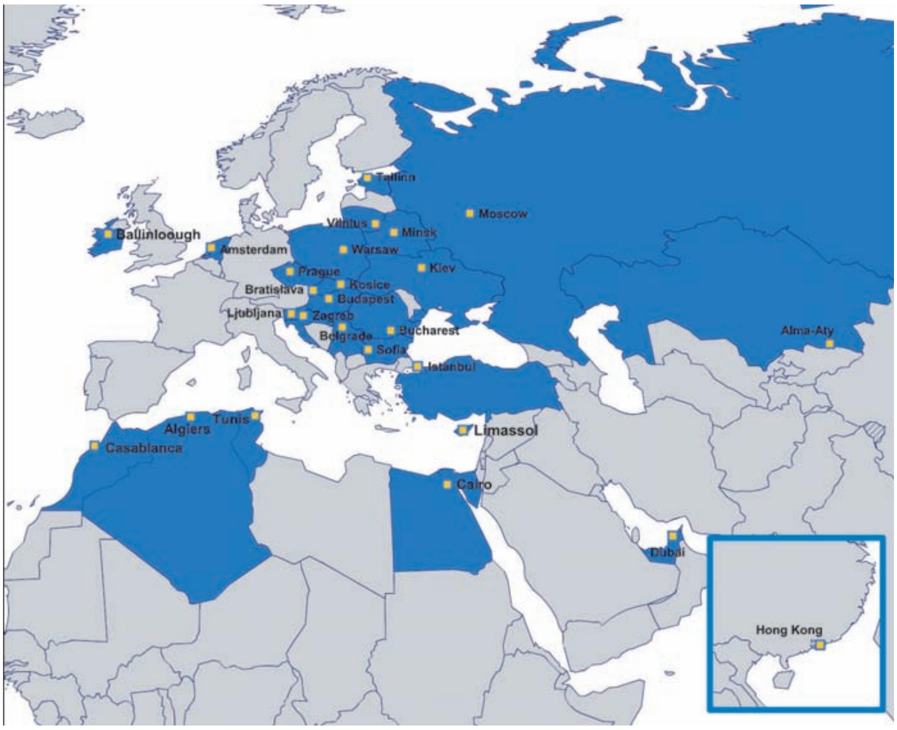
The Group has also developed and is selling products through two of its own brands: Prestigio and Canyon. Prestigio and Canyon accounted for 3.2 per cent. and 2.6 per cent. of the Group's turnover in 2005, respectively. In addition, the Group offers White Label products to its largest customers, thus creating further value from its product portfolios.

BUSINESS OVERVIEW

Regional operations

The Directors consider that the Group is currently the only computer component distributor that covers all of Eastern Europe with highly integrated sales and distribution systems as part of a global supply chain to the IT markets. The Group also has operations in the Baltic States, the Balkans, the former Soviet Union, the United Arab Emirates, Ireland and Holland. In countries with large geography and under-developed infrastructure such as Russia, Ukraine, Belarus, Kazakhstan, Egypt, Morocco, Algeria and Tunisia, the Group has developed and manages international sales through a network of Resellers. These Resellers channel goods, supported by pre-sales and post-sales services provided by the Group. As the level of infrastructure development increases in these countries, the Directors intend to shift from an indirect to a direct sales model.

The Group is represented in the following locations:



Products

The Group is a one-stop shop for the desktop PC, server and laptop segments. The Group provides technical support for all new products that it stocks through PLSMs, with training of its sales people and through focus groups who have in-depth knowledge of the product lines who are also trained, as a result of being an authorised distributor of products, by the Group's Suppliers, such as Intel, Seagate, AMD, Hitachi and others. The Directors consider that this organisational process allows the Group to provide added value to its customers and to differentiate it from its competitors.

In 2005, the Group distributed more than 12,000 SKUs, which were sourced from over 100 suppliers, including industry leading manufacturers, such as Intel, Seagate, Samsung, Hitachi and AMD. During the year ended 31 December 2005, the Group sold approximately 3 million CPUs, 3 million HDDs, 1.4 million of memory modules (including flash based memory and RAM), 113,000 monitors and 900,000 optical drives.

The following table shows the changes in the type of products sold in the last 3 years.

PRODUCT TYPE (US$ millions)	*2003*	*% of 2003*	*2004*	*% of 2004*	*2005*	*% of 2005*
CPUs	194.3	28.6%	196.5	26.0%	314.3	33.8%
Desktop HDD/TD	243.2	35.8%	195.6	25.9%	184.9	19.9%
Memory	31.8	4.7%	53.7	7.1%	47.3	5.1%
Mobile systems & components	3.1	0.5%	13.0	1.7%	43.6	4.7%
Peripherals (HP)	24.1	3.5%	34.0	4.5%	32.3	3.5%
Optical Drives	27.6	4.1%	44.9	5.9%	29.1	3.1%
LCD Monitors	17.3	2.6%	51.2	6.8%	27.9	3.0%
Motherboards	23.5	3.5%	24.3	3.2%	26.7	2.9%
Software	32.6	4.8%	29.7	3.9%	23.2	2.5%
Desktop PC (IBM)	13.4	2.0%	20.3	2.7%	22.0	2.4%
USB accessories	2.1	0.3%	8.7	1.2%	18.3	2.0%
Server building blocks	14.7	2.2%	13.1	1.7%	18.2	2.0%
Enterprise HDD/TD	18.8	2.8%	15.7	2.1%	13.6	1.5%
VGA Cards	2.3	0.3%	7.8	1.0%	9.4	1.0%
OTHER	30.9	4.6%	47.2	6.2%	119.6	12.9%
Total Revenue	679.7	100.0%	755.7	100.0%	930.4	100.0%

Prestigio and Canyon

The Group has developed two own brands:

- **Canyon** launched in 2001 as a supplier of motherboards and VGA cards to Eastern European markets. The brand has evolved and currently primarily targets retail chains with IT and consumer electronic Peripherals and accessories, supplying products such as RAM and flash memory modules, networking products, external HDD, MP3 players and speakers.
- **Prestigio** launched at the end of 2002 with the aim of becoming a supplier of premium quality IT products and now supplies laptops, LCD TVs and monitors, digital media centres, storage devices and subsystems. Prestigio has been positioned to exploit the continued market increase of flat panel displays with LCD technologies. Prestigio's laptop sales have also benefited from the success of wireless internet technology, such as Intel's Centrino, which has generated continued strong demand for laptops. Prestigio's brand slogan "the Art of High Tech" reflects the positioning of these products in this premium, high-specification design segment.

In parallel to the Prestigio and Canyon brands, the Group also offers, in all countries in which it operates, White Label platforms to enable its biggest local customers to create their own brand with exclusive designs.

DISTRIBUTION AND MARKETING

"Asbis on IT4Profit"

The Company utilises the services of E-Vision Limited, an application service provider (further details of which are set out in Part V, paragraph 10.6), for the IT4Profit service, which provides the application upon which the Company's online marketplace, "Asbis on IT4Profit", is run.

The application provides the following functions:

- interconnectivity of the Company with its suppliers;
- B2B and B2C online shops to its customers for both front and back office administration;
- online supply chain management;
- statistics for product pricing and content management; and
- comprehensive operational reports and a balance scorecards management system.

Marketing

The Group invests significantly in training its 193 sales managers.

The Group's marketing department is divided into two groups. The product marketing group establishes pricing, product supply and communicates with suppliers with regards to training PLSMs. The channel marketing group is responsible for both central and in-country activities such as public relations, marketing and website content management.

The Directors consider that the efficiency of the Group's sales force is a key factor in driving the business forward and differentiating it from the Group's competitors.

Master Distribution Centres

Four distribution centres (warehouses) have been set up in strategic geographical locations to ensure that products arrive on a "just in time" basis into each country. These master distribution centres are located in Prague, Amsterdam, Helsinki and Dubai, further details of which are set out in the table below:

Facility Location	*Office Square Metres*	*Warehouse Square Metres*	*Total Square Metres*	*Owned or Leased*
Prague	222	3042	3264	Leased
Amsterdam	320	1700	2020	Leased
Helsinki	11	900	911	Outsourced
Dubai	56	500	556	Leased

In the year ended 31 December 2005, a total of 11.2 million units (2004: 10.8 million) were shipped through these master distribution centres. Suppliers ship products to these master distribution centres in accordance with purchase orders received. The Directors consider that closer co-ordination among Suppliers and the Group has enhanced the Group's customer service levels, resulting in shorter and more reliable delivery times and transport cost reductions.

In-Country Distribution Operations

In-country operations span 19 countries and contain 31 warehouses. A 'pull' methodology enables each office to replenish their product needs from their nearest master distribution centre. This means that if the customer demand is not satisfied by locally available stock, then stock is 'pulled' from the master distribution centres. The high frequency of pull orders maintains an efficient and lean inventory level whilst maintaining constant availability of products for sale. Each office has its own in-country logistics function and is responsible for shipments to its customers.

A key objective of the Group is to have stock available locally approximately 10 – 14 business days after a sale is made. The Group has a centralised purchasing system and replenishes its stock regularly via the four master distribution centres. Local offices order stock online via the Group's online marketplace and obtain a supply of products from the four master distribution centres. Goods with high price dynamics, high value and small size (for example, memory modules) are supplied directly to local offices from Suppliers' factories in the Far East. The Group makes considerable effort to select the right Resellers and OEMs. The Directors consider that this will in turn allow the Group to significantly increase its market share in countries where it currently does not have in-country offices, such as parts of Africa and the former Soviet Union. The Group sells directly to such Resellers from the Cypriot headquarters and ships the products from its master distribution centres.

Distribution Operations Management

The Group uses the online supply chain management system on IT4Profit to manage effectively the flow of goods within its distribution network. This system collaborates and exchanges business data with its key Suppliers, master distribution centres, subsidiaries and customers. The Directors consider that an efficient logistics and distribution model is one of the key contributors to maintaining the Group's success in the distribution industry. The local logistics staff use this online system to ensure that every online order is picked, packed and shipped within the allocated timeframe. Each in-country logistics centre is focused on continuous improvement with key performance indicators in place to measure performance.

To ensure transparency of operations and for the purposes of warehouse management, the Company has integrated J. D. Edwards' Warehouse Management System (WMS) to the online platform provided by IT4Profit. As at the date of this document WMS is currently in place in the Dutch and Czech master distribution centres. The Finnish distribution centre is an outsourced warehouse and uses its own systems. However, data from Finnish distribution centre is exchanged with IT4Profit, enabling the Company to integrate the data into its systems. The Dubai master distribution centre is scheduled for conversion to WMS in the third quarter of 2007. The advantages created through this connectivity are: the ability to meet shipping commitments, inventory movements are instantly visible and inventory management records, such as cycle counts, are consistent. Since the implementation of this system, inventory write-offs have been significantly reduced. Radio frequency technology scanners are in place at the Dubai, Czech and Dutch master distribution centres ensuring fast processing of inbound/outbound shipments and allowing the Cypriot headquarters to locate specific deliveries on an online map.

The following are a few examples of the service performance metrics currently tracked:

- transit time of incoming shipments;
- order fulfilment – pick/pack/ship time;
- percentage of orders shipped to commit date/time;
- on-time delivery;
- transport, cost per kilo shipped; and
- cycle count performance.

Transport Management System

The Group has also implemented a transport management system on IT4Profit. This system provides rates, delivery schedules, tracking and tracing. It is envisaged that the new system will manage the information flow direct to customers. The Group has successfully piloted a global positioning system with selected transport service providers in Central and Eastern Europe. This provides the Group with expected delivery times that are automatically updated every few minutes. The Directors intend to pass on such information to its key customers once the system is complete.

Customers

The Group served over 12,000 active customers in over 70 countries in the year ended 31 December 2005. The Group has managed to become a supplier of choice to most of the major OEMs and VARs as well as to smaller integrators. In each country in which the Group operates, customers from all tiers of the supply chain can purchase online via the Asbis B2B shops on IT4Profit.

The Group carefully controls its credit, foreign exchange and specific market risks. Tight credit control has delivered what the Directors consider to be an unusually low bad debt provision expense to sales ratio of 0.05 per cent. in the year ended 31 December 2005 (2004: 0.06 per cent.). Close monitoring of inventories resulted in a very low inventory obsolescence to cost of goods sold ratio of 0.04 per cent. in the year ended 31 December 2005.

THE MARKET

All of the information and statistics in this section are provided by Gartner as at June 2006 (*Gartner Research: Forecast: PC's EMEA, June 2006 Update)*[1]. Gartner is the world's largest IT research company. It is estimated by Gartner that the size of the Eastern European and former Soviet Union market measured in amounts spent by end customers was US$ 11.4 billion in 2005 and is estimated to rise by 13.5 per cent. to US$ 12.9 billion by 2007. Middle East and Africa market size measured in amounts spent by end customers was US$ 8.3 billion in 2005 with an estimated projection of US$ 9.7 billion in 2007.

Components sales into the Group's operating regions generally fall under three vertical tiers of distribution: pan-European distributors; regional/local distributors which buy directly from manufacturers and sell to country OEMs; and value added resellers, sub-distributors, retailers and e-tailers that in turn resell to end users. All three tiers of distribution are comprised of numerous sub-segments that have different characteristics, depending on the market in which they operate. The Group is a pan-regional distributor addressing Central and Eastern Europe, former Soviet Union, North and South Africa and Middle East markets. Distribution in Central and Eastern Europe and the former Soviet Union is fragmented with some large corporations – that is, Ingram Micro, Tech Data, Actebis, and Bell Micro – only addressing a few countries each. A large number of local distributors operate mostly in a single country with only a few operating in more than one country. The total desktop PC market size in Eastern Europe and former Soviet Union was estimated by Gartner to be 14.1 million PCs in 2005, into which the Group sold 3 million CPUs and 3 million hard drives in 2005. The Directors consider that the Group is widely recognised as the number one IT distributor in the Central and Eastern European region. IT market growth in the marketplace where the Group operates is estimated by Gartner to be around 7 – 15 per cent. for the next 3 years[2], whereas Gartner forecast that growth in Western Europe is expected to be flat or possibly even slightly negative. Gartner is forecasting that Russia will be the largest market in terms of annual growth, in front of Germany, by the end of 2006. The Directors consider that many different languages, currencies, import patterns and periodic episodes of political and economic instability have created significant impediments to trade not found in Western Europe. The Directors consider that local expertise is the key to success in this region.

PC penetration in most of the markets in which the Group trades is much lower than the Western markets, thus providing ongoing potential for growth.

The Eastern European, Middle East and African markets are very fragmented. The Directors consider that there are no major competitors to the Group in the EMEA region. While some consolidation has taken place in the last few years, the biggest competitors are large corporations, such as Ingram Micro

[1] The June 2006 numbers are forecast numbers only and do not necessarily reflect the current market. For the most up to date report, please see ''Market Trends: PC's, Europe, the Middle East and Africa, 2006 (August 2006).

[2] IT Channel Vision conference, Monte Carlo, April 2006. Presentation: ''2006 - Time to get Technical Again'' by Roberta Cozza and Meike Escherich.

Europe (with its dedicated components sales force), Tech Data and Actebis. The Directors consider, however, that these companies have not managed to establish themselves locally in Eastern Europe and the former Soviet Union and rely on trade desk teams to sell into these countries and thus do not have local presence. These trade desk teams are generating more competition on larger accounts in the region, but the Directors consider that they are not impacting the tiers below as they are not equipped to support large numbers of geographically dispersed customers. The Group also competes with local distributors but the Directors consider that none of these distributors have the same geographic coverage, nor carry the same product portfolio as the Group. The Directors consider that the Group does not have one main competitor but, rather, many of them, varying from country-to-country. The key competitors, as identified by the Directors, in the main markets in which the Group operates are as follows:

- Elko (Riga) in the Baltic States, Adriatic region, Russia and Ukraine;
- Kvazar Micro and Millennium Distribution in the former Soviet Union;
- ABC Data (part of Actebis) and Action in Poland; and
- ATC in the Czech Republic.

SUMMARY FINANCIAL INFORMATION

Set out below is a summary of the financial record of the Group for the three years ended 31 December 2005, which has been extracted without material adjustment from the Accountants' Report in Part III of this document, and the unaudited financial record of the Group for the six months ended 30 June 2006, which has been extracted without material adjustment from Part IV of this document.

	Audited Year ended 31 December			*Unaudited six months ended 30 June*
	2003 US$ m	*2004 US$ m*	*2005 US$ m*	*2006 US$ m*
Turnover	679.7	755.7	930.4	426.4
Cost of sales	(653.2)	(728.9)	(892.0)	(408.8)
	26.5	26.8	38.4	17.6
Other operating income	0.5	0.4	0.3	0.1
Expenses	(18.9)	(21.8)	(25.8)	(13.1)
Operating profit	8.2	5.4	12.9	4.6
Other	(1.5)	(2.3)	(3.6)	(1.6)
Profit before tax	**6.7**	**3.1**	**9.3**	**2.9**

Seasonality of revenue

The Group earns the greatest proportion of its revenue in the period leading up to Christmas as this is driven by the increased household expenditure during this period. The third quarter of the calendar year also typically sees increased sales due to the start of the new academic year and subsequent demand for PCs and their components.

CURRENT TRADING AND PROSPECTS FOR THE GROUP

Since the end of the period for the six months ended 30 June 2006, as set out in Part IV of this document, the Group has traded above management expectations. The Group outperformed its budget at the profit after tax level for the six months ended 30 June 2006 by approximately US$ 980,000 as the budgeted profit after tax was approximately US$ 1.51m compared to actual profit after tax of US$ 2.49m.

DIRECTORS, KEY MANAGEMENT AND EMPLOYEES

The biographical details of the Directors and senior management of the Company are set out below:

Directors

John Hirst, aged 54 *(Non Executive Chairman)*

John Hirst will join the Group on Admission as the Non Executive Chairman. John is currently a non-executive Director of Hammerson Plc. Between 1988 and 2005, John was the CEO of Premier Farnell plc, the UK listed global electronics distribution company. Between 1979 and 1998, John served in various roles at Imperial Chemicals Industries plc, including that of CEO for ICI Performance Chemicals. John is a Companion of the Chartered Management Institute, Associate in Corporate Treasury Management and a Fellow of the Institute of Chartered Accountants in England & Wales. John also has a BA in Economics from Leeds University.

Siarhei Kostevitch, aged 42 *(Chief Executive Officer)*

Siarhei Kostevitch is the CEO and President of the Group. He established a business of design and manufacturing in 1990 in Minsk, Belarus and within 15 years built it into the leading computer component distributor in Eastern Europe and former Soviet Union. Siarhei received a Masters degree in radio engineering design at the Radio Engineering University of Minsk in 1987. Between 1987 and 1992, Siarhei worked as a member of the Research Centre at the Radio Engineering University in Minsk, where he published a series of articles on microelectronics design in local and world-wide specialist magazines.

Marios Christou, aged 38 *(Chief Financial Officer)*

Marios Christou joined the Company in August 2001. Prior to this, Marios had worked as a Financial Controller at Photos Photiades Breweries Ltd (part of the Carlsberg Group of companies) for three years. Before this, Marios had also worked with Deloitte & Touche Limassol, Cyprus for four years, holding the position of an audit manager. Marios has a B.A. (1992), dual major – Accounting and Information Systems, and Economics from Queens College of the City University of New York (C.U.N.Y.), and an M.B.A. (1994) in International Finance from St. John's University, New York. Marios is also a Certified Public Accountant (CPA), member of the American Institute of Certified Public Accountants (AICPA).

Veronique Holbrook, aged 52 (*Director – Executive Vice-President – Logistics and Customer Service*)

Veronique Holbrook joined the Company in January 2003 from Seagate Technology, one of the world's leading manufacturers of computer storage products. During her 20 years at Seagate, Veronique held several senior level international logistics and distribution positions in the United States and Europe. Veronique holds an Associate Arts Degree from Dawson College and a Bachelor of Arts Degree in Cinematography from Sir George Williams University.

Laurent Journoud, aged 36 (*Director – Executive Vice-President – Sales and Marketing)*

Laurent Journoud joined the Company in January 2002 as Director of Product Lines. He is responsible for the Group's product portfolio and market development for each of the Group's technology offerings. Prior to joining the Company and for a period in excess of 10 years, Laurent had held senior international product management positions in the EMEA distribution industry with major multinationals including Ingram Micro, Karma International and Actebis. Laurent received an M.I.T. (Management – International Trade) and M.M.E. (Master's in European Management) from ICL Lyon, France, in 1993 and 1994 respectively.

Paul Swigart, aged 36 *(Non Executive Director)*

Paul Swigart will join the Group on Admission. He is the founder and controlling partner of Steep Rock Capital, an investment company established in May 2006. Previously, Paul was a partner at United Financial Group, a brokerage and London Stock Exchange market maker for a leading Russian investment bank. Paul has also worked at Scudder Kemper in New York as a Latin American analyst; at Omega Advisors in New York in the Emerging Market Equities department; and at CS First Boston in New York as a corporate finance analyst. Paul has a B.A. in History (*magna cum laude*) from Princeton University.

Key Management

The Board is supported by the following senior management:

Constantinos Tziamalis, aged 31 (*Corporate Credit Controller & Investor Relations*)

Constantinos "Costas" Tziamalis joined the Company in January 2002 as Financial Project Manager. He was promoted to his current position in March 2003. Costas holds a B.Sc. in Banking and Financial Services and a Master's (M.Sc.) in Finance. Costas worked at the private banking department of BNP Paribas in Cyprus and then joined a brokerage house Proteas Asset Management Limited for 3 years as Investor Accounts Manager.

Maryia Tarhonskaya, aged 54 (*Finance & Administration Director*)

Maryia Tarhonskaya joined the Group in 1994 in Minsk, Belarus as a Finance Controller. Her role is to provide management and financial accounting and reporting, and to contribute towards effective and efficient management of the company's resources. In 2000, Maryia relocated to Cyprus to work for the Company. Prior to joining the Company, Maryia worked for over seven years in the construction industry in Minsk, Belarus, holding the position of Finance Controller and another 10 years as an engineer in a state-owned company manufacturing electronics. Maryia has a degree in the field of Economics from Minsk State University, Belarus.

Yuri Ulasovich, aged 44 (*Vice President Product Marketing*)

Yuri Ulasovich joined the Company in 1995. During his employment with the Company he has held many different positions including Regional Sales Director and Marketing Director. In 2004 he was appointed Vice President of Product Marketing. Yuri has extensive experience in the former Soviet Union and the Eastern European markets, specifically Ukraine, Kazakhstan, Poland and Bulgaria. Yuri has a B.A. degree in Economics and Philosophy from the Humanitarian Academy of Military forces in Moscow (1992).

Yuri Antoshkin, aged 29 (*COO, Prestigio*)

Yuri Antoshkin joined the Company in 2004 as Operations Director of ISA Hardware Limited. Prior to this, Yuri worked at the Neo Group, part of the Trinity Group.Yuri has a BA (1998) from the Moscow Institute of Physics and Technology where he also received a Masters in 2000. Yuri also has certificates in Financial Accounting, Cost Accounting and Operational Management from MIPT. After successfully representing the Group as Operations Director at ISA Hardware Limited, the Company decided to appoint him as COO of Prestigio operations.

Employees

As at 30 June 2006, the Group employed 683 employees, of whom 197 are located at its headquarters in Cyprus and the remainder are located in 27 offices detailed above. The split of employees by area of activity is as follows:

	Number of Employees
Sales & Marketing	272
Administration	109
Finance	96
Logistics	206
Total	**683**

REASONS FOR ADMISSION

The Directors consider that an AIM listing will provide access to capital for any future acquisitions, if appropriate, and should enable the Group to further incentivise employees by the grant of options in a publicly traded company.

PURCHASE OF ORDINARY SHARES

Conditional upon Admission, John Hirst, a Director, will purchase 75,600 Ordinary Shares at a price of 66.137 pence per Ordinary Share from KS Holdings Limited, a company of which Siarhei Kostevitch is the ultimate beneficiary.

LOCK-IN AGREEMENTS

On Admission the Directors, excluding Paul Swigart, will be interested in an aggregate of 26,973,901 Ordinary Shares, representing approximately 56.20 per cent. of the issued share capital of the Company. Details of the Directors' shareholdings are set out in paragraph 6 of Part V of this document.

The Directors, excluding Paul Swigart, have undertaken to the Company and Seymour Pierce not to dispose of any interests in Ordinary Shares (except in certain limited circumstances) for a period of 12 months from Admission and for a further 12 months thereafter to deal in their Ordinary Shares only through Seymour Pierce (or the Company's then broker) subject to certain orderly market restrictions.

Further details of the lock-in agreement are set out in paragraph 10.4 of Part V of this document.

SHARE OPTION PLAN

In order to provide an incentive to employees of the Group in the future, the Company has established a Share Option Plan, further details of which, are set out in paragraph 9 of Part V of this document.

ADMISSION, SETTLEMENT AND CREST (DEPOSITARY INTERESTS)

Application has been made to the London Stock Exchange for the Existing Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Existing Ordinary Shares will commence on 25 October 2006.

The Articles permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, including depository interests, to be held in electronic rather than paper form.

CREST is a voluntary system and Shareholders who wish to hold their shares in certificated form will be able to do so.

Foreign securities cannot be held or traded in the CREST system. To enable investors to settle their securities through CREST, a Depositary has been appointed to hold the relevant foreign securities and issue dematerialised depositary interests representing the underlying securities. The Company has appointed Capita IRG Trustees Limited to act as Depositary. The Depositary will hold the Ordinary Shares on trust for the Depositary Interest holders and this trust relationship is documented in a deed poll executed by the Depositary. This deed poll also sets out the procedure for depositary interest holders to vote at general meetings of the Company and to exercise other procedural shareholder rights, which will be transferred to the depositary with the Ordinary Shares.

The Depositary Interests will be independent English securities and will be held on a register maintained by the Depositary. The Depositary Interests will have the same security code as the underlying Ordinary Shares which they represent and will not require a separate admission to AIM.

Shareholders wishing to settle their securities through CREST can transfer their Ordinary Shares to the Depositary, which will then issue depositary interests to those shareholders, representing the transferred Ordinary Shares. The shareholders will not hold a share certificate evidencing the underlying Ordinary Shares. Each Depositary Interest will be treated as one Ordinary Share for the purposes of, for example, determining eligibility for dividend payments. Any payments received by the depositary, as holder of the Ordinary Shares, will be passed on to each Depositary Interest holder noted on the Depositary Interest register as the beneficial owner of the relevant Ordinary Shares.

Participation in CREST is voluntary and shareholders who wish to hold share certificate may do so. They will not, however, then be able to settle their Ordinary Shares through CREST and will have their holding recorded on the Company's share register in Cyprus.

Application has been made by the Depositary for Depositary Interests, which represent the underlying Ordinary Shares, to be admitted to CREST on Admission.

Further details of the Depositary Agreement and the Deed Poll are set out in paragraphs 10.10 and 10.11 of Part V of this document.

CORPORATE GOVERNANCE AND BOARD PRACTICES

The Directors recognise the importance of sound corporate governance and will, in so far as is practicable given the Company's size and the constitution of the Board, comply with the main provisions of the Combined Code: Principles of Corporate Governance and Code of Best Practice.

Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Company intends to hold Board meetings at least four times each financial year and at other times as and when required.

Committees

The audit committee of the Company, comprising John Hirst, Paul Swigart (both non-executive Directors) and Marios Christou will be chaired by John Hirst. The audit committee will meet at least twice a year. The audit committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It will also meet the auditors and review reports from the auditors relating to accounts and internal control systems. The audit committee will meet once a year with the auditors.

The remuneration committee of the Company, comprising John Hirst and Paul Swigart (both non-executive Directors) will be chaired by John Hirst and will set and review the scale and structure of the executive Directors' remuneration packages, including share options and the terms of their service contracts. The remuneration and the terms and conditions of the non-executive Directors will be determined by the Directors with due regard to the interests of the Shareholders and the performance of the Group. The remuneration committee will also make recommendations to the Board concerning the allocation of share options to employees.

The Company has adopted a code for Directors' dealings which is appropriate for an AIM quoted Company. The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees as well.

DIVIDEND POLICY

The Directors' intention is that the Company will pay dividends whilst continuing to retain a significant proportion of the Group's earnings to facilitate the Board's plans for the continued growth of the Group.

The Company declared a final dividend of US$ 960,000 for the year ended 31 December 2005 which was subsequently paid to the Company's shareholders at that time.

The Board will continue to review its dividend policy as the Company develops.

TAKEOVER CODE

As the Company is incorporated in Cyprus, a takeover offer will not be governed by the City Code and will not be regulated by the UK takeover authorities. Accordingly the Company has incorporated certain provisions in its articles of association which seek to replicate certain requirements of the City Code although these do not provide the full protection which the City Code would afford. Further details of the relevant provisions are set out in paragraph 5 of Part V of this document.

TAXATION

Information regarding taxation is set out in paragraph 14 of Part V of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law.

Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

ADDITIONAL INFORMATION

The attention of investors is drawn to the information contained in Parts II to V of this document which provides additional information on the Group.

PART II
RISK FACTORS

An investment in the Ordinary Shares of the Company involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in the Company's Ordinary Shares. The Board considers the following risks and other factors to be the most significant for potential investors in the Company, but these risks are not set out in any particular order of priority.

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

An investment in the Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of FSMA who specialises in advising on investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

Securities traded on AIM

The Ordinary Shares will be traded on AIM rather than the Official List. An investment in shares traded on AIM carries a higher risk than those listed on the Official List. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Company's sector, and other events and factors outside of the Company's control. Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up, and investors may, therefore, not recover their original investment especially as the market in the Ordinary Shares may have limited liquidity. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares.

Share price effect of sales of Ordinary Shares

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following the expiry of the relevant lock-in periods, details of which are set out in Parts I and V of this document, or the expectation or belief that sales of such shares may occur.

Future fundraisings

The Directors are satisfied that the working capital available to the Group will, from Admission, be sufficient for its present requirements it is possible that the Company will need to raise extra capital in the future to develop fully the Group's business or to take advantage of acquisition opportunities. The Group's capital requirements depend on numerous factors, including its ability to maintain and expand its customer base and potential acquisitions although none is currently envisaged. It is difficult for the Directors to predict accurately the timing and amount of the Group's capital requirements for such extraordinary items. If the plans or assumptions set out in the Company's business plan change or prove to be inaccurate, or if the Company makes any material acquisitions, the Company may require further financing. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Taxation change

There may be changes in future government fiscal policy in relation to the Group's business, including taxation levels. Any such changes may have a material effect on the Group's business. There are also corporate taxation changes that are expected to happen in Cyprus in 2008.

Under Cyprus legislation there is no withholding tax on dividends paid to non-residents of Cyprus.

A UK holder, or a holder of Ordinary Shares who is carrying on a trade, profession or vocation in the UK through a branch or agency in connection with which the Ordinary Shares are held will, depending upon the holder's particular circumstances, be subject to UK income tax or corporation tax as the case may be on the amount of any dividends paid by the Company. A dividend paid by the Company to a non-corporate Shareholder is liable to income tax on an arising basis if the Shareholder is UK domiciled, but only if remitted to or received in the UK if the Shareholder is non-UK domiciled. Shareholders must consult their tax advisers on their domicile, residence and ordinary residence status and on what amounts to "remitted or received in" the UK. Non-corporate Shareholders whose income, including the dividends, is within the lower or basic rate bands will be liable to income tax at 10 per cent. Individual Shareholders who are liable to income tax at higher rate of tax will be charged tax of 32.5 per cent. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law.

Certain non-corporate Shareholders may also be subject to UK tax on the Group's profits on an arising basis whether or not these profits are distributed to Shareholders by the Company. To the extent that those profits are subsequently paid out as Company dividends, relief should normally be available to avoid double taxation.

Dependence on key executives and personnel

The Group's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to continue to attract and retain highly skilled and qualified personnel. The Directors cannot give assurances that members of the senior management team and the executive Directors will continue to remain with the Group. The loss of the services of the Directors, members of senior management and other key employees could damage the Group's business.

It is the Directors' intention to obtain directors' and officers' insurance together with 'keyman' insurance in respect of the key employees of the Company.

Management of growth

The ability of the Group to implement its strategy requires effective planning and management control systems. The Group's growth plans may place a significant strain on the Group's management and operational, financial and personnel resources. Therefore, the Group's future growth and prospects will depend on its ability to manage this growth.

Competition

The Group operates in a competitive market and hence is open to margin pressure from competitors and new entrants. This may lead to the Group losing its market share which in turn may impact on the Group's profitability. In the event that the Group is no longer an authorised distributor, this may have an adverse material impact in the Group's profitability.

Foreign exchange

The Group prepares its financial statements in US$ and has historically generated revenue in US$. To the extent that its revenues and expenses are paid in currencies other than US$, the Group will be subject to currency exchange risks. The Group has implemented hedging strategies to mitigate this risk.

Credit risk

As much of the Group's business functions on the provision of credit, there is a substantial business risk to the Company if the debtor fails to pay what is owed. Whilst the Group has insurance in place to cover such an eventuality, this insurance only covers approximately 55 per cent. of the Group's revenue.

Technological risk

The IT sector is a fast developing industry with typically short lifecycle of hardware products. In this environment the Directors have to be able to predict the demands of customers in the future. If the Group is unable to keep up with the change in industry and thus unable to supply the goods demanded by its customers, the Group's revenues and profitability may be effected.

Major suppliers to the Group either buy end of life products back or offer significant discounts on them. However, not all Suppliers to the Group may offer these terms in the future, in which case, if material quantities of end of life products remain unsold with the Group, then the Group may have to sell these products at a loss. This may effect the Group's profitability.

Low margin business

Due to a relatively low gross profit margin and fixed overhead base, the Group's profitability is sensitive to small fluctuations in the gross profit margin. As part of this low gross profit margin, the overheads and expenses need to be controlled as this may have a negative impact on the Group's profitability.

Suppliers

Approximately, 51 per cent. of the Group's revenue was generated by three of its largest suppliers in the year ended 31 December 2005, however, the Group has more than one supplier for each of its product categories. Changes in relationships between the Group and its key suppliers may have a negative impact on the Group's ability to generate revenues and subsequent profitability.

Key contracts

The Group has significant contracts with a limited number of Suppliers, Dealers and other business partners some of which are oral agreements or may be terminated without cause or on written notice at the expiry of their term. Although the Directors know of no reason why such contracts should be terminated or will not be renewed on the same or more favourable terms, the Directors cannot guarantee that the relevant parties' commercial position or market conditions will not alter this position. Should any of these contracts be terminated or not be renewed, it could have a material adverse effect on the trading position and any future profitability of the Group.

Country risk

The Group is based in Cyprus, which introduces both sovereign and Cypriot domestic economic risk issues to investors owning the Ordinary Shares. Investors in the Company should be aware of the specific country risk issues associated with Cyprus.

Due to the Group's presence in Central-Eastern Europe, the Baltic States, the former Soviet Union, the Middle East and North Africa, investors in the Company should be aware that many of the countries in this region have higher than average country risk due to potentially unstable political and business environments.

The economies of many countries in Central-Eastern Europe, the Baltic States, the former Soviet Union, the Middle East and North Africa, differ from the economies of many developed countries in many respects, including level of government intervention, level of development, maturity of legal system and control of foreign exchange.

Many countries in Central-Eastern Europe, the Baltic States, the former Soviet Union, the Middle East and North Africa, have been undergoing a transition from a planned economy to a more market-oriented economy. However, the relevant governments often continue to play a significant role in regulating industry by imposing industrial policies, controlling allocation of resources and providing preferential treatment to particular industries or companies. Future earnings by the Group could be effected if the relevant governments were to reverse recent trends and impose restrictions on business.

Foreign exchange transactions in these countries continue to be subject to foreign exchange controls and requires certain approvals. These limitations could affect the ability to obtain required foreign exchange for capital expenditures.

Many governments in Central-Eastern Europe, the Baltic States, the former Soviet Union, the Middle East and North Africa, have been introducing new laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, interpretation and enforcement of these laws and regulations involve uncertainties. As these legal systems develop, changes in such laws and regulations, their interpretation or their enforcement may have a material adverse effect on business operations.

Enforcement of judgments

As the Company is a Cyprus registered company, the rights of Shareholders will be governed by Cyprus law and the Company's Memorandum and Articles of Association. The rights of Shareholders under Cyprus law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The Directors, save for John Hirst and Paul Swigart, are not residents of the UK and all of the Group's assets are located outside of the UK.

As a result, it may be difficult for investors to effect service of process on those persons in the UK or to enforce in the UK judgments obtained in UK courts against the Group or those persons who may be liable under UK law.

City Code on Takeovers and Mergers

The Company is incorporated in Cyprus and is managed and controlled outside the UK. For those reasons the City Code does not apply to the Group. It is emphasised that, although the Ordinary Shares will trade on AIM, the Company will not be subject to takeover regulation in the UK. The Company's Articles contain certain takeover provisions, although these will not provide the full protection afforded by the City Code. These provisions, like others contained in the Articles are enforceable by the Company against Shareholders.

Legislative changes

Changes in government regulations and policies in Cyprus or elsewhere may adversely affect the financial or other performance of the Group.

Cyprus resident company

It is anticipated that the Company will be resident in Cyprus for taxation purposes.

Product liability

The Group passes on repair or replace warranties from its Suppliers to its Dealers and customers on the products that it sources and supplies. Accordingly, although the Group is confident as to the quality and workmanship of its products, the Group's business exposes itself to potential product liability and indemnity risks which are inherent in the supply of its products.

PART III
HISTORICAL FINANCIAL INFORMATION ON ASBISc ENTERPRISES PLC

Deloitte.

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on behalf of ASBISc Enterprises PLC
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19 October 2006

Dear Sirs

ASBISc Enterprises PLC ("the Company" and, together with its subsidiaries, "the Group")

We report on the financial information set out in Part III of the AIM admission document dated 19 October 2006 of the Company (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out therein. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex 1 item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 and in accordance with IFRS as described in note 2.

Yours faithfully

Deloitte & Touche LLP
Chartered Accountants

Deloitte & Touche LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu ("DTT"), a Swiss Verein whose member firms are separate and independent legal entities. Neither DTT nor any of its member firms has any liability for each other's acts or omissions. Services are provided by member firms or their subsidiaries and not by DTT.

ASBISC ENTERPRISES PLC

CONSOLIDATED INCOME STATEMENT
FOR THE THREE YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005
(Expressed in United States Dollars)

	Notes	*2003 US$*	*2004 US$*	*2005 US$*
Revenue	2	679,681,005	755,719,777	930,389,282
Cost of sales		(653,228,241)	(728,946,716)	(892,016,966)
Gross profit		26,452,764	26,773,061	38,372,316
Other operating income	3	471,701	377,640	308,155
Selling expenses		(7,925,305)	(10,281,581)	(12,946,374)
Administrative expenses		(10,756,071)	(11,392,565)	(12,839,668)
Profit from operations before amortisation and write-off of goodwill		8,243,089	5,476,555	12,894,429
Other expenses-amortisation of goodwill	11	(65,440)	(64,425)	(13,620)
Operating profit		**8,177,649**	**5,412,130**	**12,880,809**
Financial Income	4	391,770	203,757	226,636
Financial expense	4	(1,857,287)	(2,573,231)	(3,837,120)
Other income	5	21,450	48,169	28,969
Profit on disposal of subsidiary	12	—	—	18,349
Profit before taxation	6	6,733,582	3,090,825	9,317,643
Taxation	7	(583,462)	(841,508)	(939,380)
Profit after taxation		6,150,120	2,249,317	8,378,263
Minority interest	18	(36,914)	(59,922)	(55,959)
Profit attributable to members		6,113,206	2,189,395	8,322,304
Earnings per share				
Basic and diluted from continuing operations	17	12.7 cents	4.56 cents	17.3 cents

ASBISC ENTERPRISES PLC

CONSOLIDATED BALANCE SHEET
FOR THE THREE YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005
(Expressed in United States Dollars)

	Notes	*2003 US$*	*2004 US$*	*2005 US$*
ASSETS				
Current assets				
Inventories	2	46,047,897	46,425,946	58,701,878
Trade receivables		71,723,939	84,442,031	110,971,092
Other current assets	8	4,602,783	4,256,457	4,020,441
Current taxation	7	367,076	—	—
Cash and cash equivalents	19	20,451,403	25,868,258	25,106,038
Total current assets		143,193,098	160,992,692	198,799,449
Non-current assets				
Property, plant and equipment	9	6,351,734	6,754,261	6,663,640
Investment in fellow subsidiary company	13	90,000	90,000	90,000
Intangible assets	10	1,621,519	1,651,540	1,443,225
Deferred tax asset	7	18,045	—	—
Goodwill	11	78,045	13,620	—
Total non-current assets		8,159,343	8,509,421	8,196,865
Total assets		151,352,441	169,502,113	206,996,314
LIABILITIES AND EQUITY				
Liabilities				
Current liabilities				
Trade payables		88,380,728	86,754,132	114,276,334
Other current liabilities	14	13,674,636	18,961,201	20,440,594
Current taxation	7	—	250,466	15,409
Bank overdrafts and short term loans	15	8,282,911	19,130,751	20,402,875
Total current liabilities		110,338,275	125,096,550	155,135,212
Non-current liabilities				
Long term liabilities	16	1,034,481	1,119,838	893,170
Deferred tax liability	7	58,218	3,992	8,295
Total non-current liabilities		1,092,699	1,123,830	901,465
Total liabilities		111,430,974	126,220,380	156,036,677
Equity				
Share capital	17	9,600,000	9,600,000	9,600,000
Share premium		8,138,039	8,138,039	8,138,039
Treasury stock		(586,497)	—	—
Reserves		22,780,401	25,494,544	33,221,598
Total equity		39,931,943	43,232,583	50,959,637
Minority interest	18	(10,476)	49,150	—
Total liabilities and equity		151,352,441	169,502,113	206,996,314

ASBISC ENTERPRISES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005
(Expressed in United States Dollars)

	Share capital US$	*Share premium account US$*	*Treasury stock US$*	*Retained earnings US$*	*Foreign exchange reserve*	*Total US$*
Balance at 1 January 2003	9,600,000	8,138,039	—	17,774,975	326,199	35,839,213
Final dividend of 2002 paid	—	—	—	(500,000)	—	(500,000)
Buyback of own shares (Treasury stock)	—	—	(586,497)	—	—	(586,497)
Profit for the year after minority interest	—	—	—	6,113,206	—	6,113,206
Exchange difference arising on consolidation	—	—	—	—	434,354	434,354
Dividends received on treasury stock	—	—	—	31,667	—	31,667
Interim dividend of 2003 paid	—	—	—	(1,400,000)	—	(1,400,000)
Balance at 1 January 2004	9,600,000	8,138,039	(586,497)	22,019,848	760,553	39,931,943
Sale of treasury stock	—	—	586,497	—	—	586,497
Profit for the year after minority interest	—	—	—	2,189,395	—	2,189,395
Exchange difference arising on consolidation	—	—	—	—	524,748	524,748
Balance at 1 January 2005	9,600,000	8,138,039	—	24,209,243	1,285,301	43,232,583
Profit for the year after minority interest	—	—	—	8,322,304	—	8,322,304
Exchange difference arising on consolidation	—	—	—	—	(595,250)	(595,250)
Balance 31 December 2005	9,600,000	8,138,039	—	32,531,547	690,051	50,959,637

Note 1: Final dividend for 2002 of $0.01 per share was paid during 2003

Note 2: Interim dividend for 2003 of $0.03 per share was paid during 2003

ASBISC ENTERPRISES PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005
(Expressed in United States Dollars)

	Notes	*2003 US$*	*2004 US$*	*2005 US$*
Profit for the year before tax and minority interest		6,733,582	3,090,825	9,317,643
Adjustments for:				
Exchange difference arising on consolidation		15,418	54,408	(194,627)
Depreciation		837,072	1,112,558	1,097,413
Amortisation of intangible assets		372,672	599,056	602,464
Amortisation of goodwill		65,440	64,425	—
Impairment of goodwill		—	—	13,620
Profit from disposal of subsidiary company		—	—	(18,349)
Profit from the sale of property, plant and equipment and intangible assets		(21,450)	(48,169)	(28,969)
Operating profit before working capital changes		8,002,734	4,873,103	10,789,195
Increase in inventories		(8,417,618)	(378,049)	(13,367,497)
Increase in trade receivables		(22,406,867)	(12,718,092)	(27,000,766)
(Increase)/decrease in other current assets		(1,804,526)	346,326	185,182
Increase/(decrease) in trade payables		27,282,101	(1,626,596)	29,089,280
Increase in other current liabilities		6,135,721	5,286,565	1,501,052
Cash inflows/(outflows) from operations		8,791,545	(4,216,743)	1,196,446
Taxation paid, net	7	(714,675)	(249,326)	(1,170,817)
Net cash inflows/(outflows) from operating activities		8,076,870	(4,466,069)	25,629
Cash flows from investing activities				
Purchase of property, plant and equipment		(1,373,512)	(1,211,887)	(1,461,008)
Purchase of intangible assets		(944,983)	(609,705)	(457,677)
Net cash outflow from sale of subsidiary company	12	—	—	(43,900)
Proceeds from sale of property, plant and equipment and intangible assets		107,005	184,822	129,280
Net cash outflows from investing activities		(2,211,490)	(1,636,770)	(1,833,305)
Cash flows from financing activities				
Final dividends paid		(491,666)	—	—
Interim dividends paid		(1,376,667)	—	—
(Repayments)/proceeds of long term loans		924,589	85,357	(226,668)
(Repayments)/proceeds of short term loans		813,751	4,201,855	(1,300,669)
Payments to buy back own shares		(586,497)	—	—
Proceeds from sale of treasury stock		—	586,497	—
Net cash (outflows)/inflows from financing activities		(716,490)	4,873,709	(1,527,337)
Net (decrease)/increase in cash and cash equivalents		5,148,890	(1,229,130)	(3,335,013)
Cash and cash equivalents at beginning of the year		11,593,876	16,742,766	15,513,636
Cash and cash equivalents at end of year	19	16,742,766	15,513,636	12,178,623

ASBISC ENTERPRISES PLC

NOTES TO THE FINANCIAL INFORMATION
FOR THE THREE YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005
(Expressed in United States Dollars)

1. Incorporation and principal activities

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

2. Summary of significant accounting policies

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The consolidated financial information complies with both these reporting frameworks because at the time of their preparation all applicable IFRSs issued by the IASB have been adopted by the EU through the endorsement procedure established by the European Commission. In addition, the consolidated financial information has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113.

Adoption of new and revised International Financial Reporting Standards

In the year 2005, the group has adopted all of 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 accounting periods beginning on 1 January 2005. The adoption of these new and revised Standards and Interpretations has resulted in changes to the group's accounting policies, in particular to IFRS3 Business Combinations as described below.

At the date of authorisation of the historical financial information, the following Standards and Interpretations were in issue but not yet effective:

- Amendment to IAS1 — Presentation of Financial Statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007)
- Amendment to IAS19 — Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures (effective for annual periods beginning on or after 1 January 2006)
- Amendment to IAS39 — Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective for annual periods beginning on or after 1 January 2006
- Amendment to IAS39 — Financial Instruments: Recognition and Measurement and IFRS4 Insurance Contracts – Financial Guarantee (effective for annual periods beginning on or after 1 January 2006)
- Amendment to IAS39 — Financial Instruments: Recognition and Measurement – The fair value option (effective for annual periods beginning on or after 1 January 2006)

(Expressed in United States Dollars)

• Amendment to IAS21	The Effects of changes in Foreign Exchange Rates – Net Investments in a Foreign Operation (effective for annual periods beginning on or after 1 January 2006)
• IFRIC4	Determining whether an Arrangement contains a Lease (effective for annual periods beginning on or after 1 January 2006)
• IFRIC7	Applying the Restatement Approach under IAS29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group.

Accounting convention

The financial information has been prepared under the historical cost convention and a summary of the significant accounting policies adopted by the group is as follows:

Basis of consolidation

The group financial information consolidates the financial information of the company and those of its subsidiary companies in which the group holds more than 50% of the voting rights.

All intercompany balances and transactions are eliminated. The equity and net income attributable to minority interests are shown as separate items in the consolidated financial information.

Subsidiary companies

Subsidiary companies are those over which the group has generally, directly or indirectly, greater than 50% of the voting rights and has the power to exercise control over their activities. The results of the subsidiary companies that are acquired during the year are included in the consolidated Income Statement from the date of acquisition and cease to be consolidated from the date control ceases, or to the extent that their disposal is foreseeable such that they will be held for less than one year from the balance sheet date.

Minority interest is presented separately.

Investment in fellow subsidiary companies

Investment in fellow subsidiary companies is stated at cost less provision for permanent diminution in value.

Business combinations

Goodwill

IFRS3 has been adopted for business combinations for which the agreement date is on or after 31 March 2004. The option of limited retrospective application of the Standard has not been taken up, thus avoiding the need to restate past business combinations.

After initial recognition, IFRS3 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Under IAS36 Impairment of Assets (as revised in 2004), impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. IFRS3 prohibits the amortisation of goodwill.

Previously, under IAS22, the group carried goodwill in its balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation was charged over the estimated useful life of the goodwill, subject to the rebuttable presumption that the maximum useful life of goodwill was 20 years. Negative goodwill on consolidation which arose when the fair value of the identifiable assets less liabilities acquired exceeded the cost of acquisition, was presented as a deduction from the assets in the consolidated balance sheet, in the same balance sheet classification as goodwill. The negative goodwill which appeared in the group's balance sheet did not exceed the fair value of acquired identifiable non-monetary assets and was therefore recognised as income over the remaining useful life which was estimated to be five years.

(Expressed in United States Dollars)

In accordance with the transitional rules of IFRS3, the group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period beginning on or after 31 March 2004, i.e. 1 January 2005. Therefore, from 1 January 2005, the group has discontinued amortising such goodwill and has tested the goodwill for impairment in accordance with IAS 36.

At 1 January 2005 the carrying amount of amortisation accumulated before that date of US$574,565 has been eliminated with a corresponding decrease in goodwill.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for prior periods.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of property, plant and equipment on a straight-line basis over their estimated useful economic lives as follows:

Buildings	33 years
Leasehold property	Over the remaining period of the right for usage of the land
Motor vehicles	5 years
Furniture, fittings and office equipment	10 years
Computer hardware	5 years
Warehouse machinery	3 – 5 years

Depreciation is not provided on land.

Intangible assets

Intangible assets consist of computer software, patents and licences which are stated at cost less accumulated amortisation. Amortisation is provided at rates calculated to write off the cost less the estimated residual value of the assets using the straight line method as follows:

Computer software	3 – 5 years
Patents and licences	3 years

Repairs and maintenance

Expenditure for repairs and maintenance of property, plant and equipment and costs associated with maintenance of computer software programmes are recognised as an expense as incurred.

Impairment

At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

Tax on the profit or loss for the year comprises current tax and deferred tax movement for the year. Current tax comprises corporation tax calculated on the basis of the actual taxable income for the year, using the tax rates enacted by the balance sheet date.

Deferred tax is provided in accordance with the revised International Accounting Standard 12, using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable profit (tax loss).

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in tax rates is charged to the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

Foreign currencies

Transactions in currencies other than in United States Dollars are recorded using the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than in United States Dollars are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

On consolidation, the financial statements of foreign subsidiaries are translated in United States Dollars. The balance sheet is translated at the closing exchange rate and the income statement at the average rate for the year. Exchange differences arising on the re-translation of the net assets of the subsidiaries are shown as a movement in the foreign exchange reserve.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Inventories

Inventories comprise finished I.T. components which are stated at the lower of cost and net realisable value. Cost is determined on the basis of standard cost method and comprises the cost of acquisition plus any other costs that are incurred to bring the stock items to their present location and condition.

Trade and other receivables

Trade and other receivables are stated at nominal value less provision for any amounts that are considered to be irrecoverable.

Trade payables

Trade Payables are not interest bearing and are stated at their nominal value.

Provisions

A provision is recognized in the balance sheet when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Revenue recognition

Revenue represents amounts invoiced to customers in respect of sales of goods during the year and is stated net of trade discounts and returns. Sales of goods are recognised when goods are delivered and title has passed.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Cash and cash equivalents

The group considers all short-term highly liquid instruments with maturities of 3 months or less to be cash equivalents.

Critical judgements in applying the entity's accounting policies

Revenue recognition

In making its judgment, management considered the detailed criteria for the recognition of revenue from the sale of goods as set out in IAS18 Revenue and, in particular, whether the group had transferred to the buyer the significant risks and rewards of ownership of the goods. The management are satisfied that the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

Warranty provisions

Warranty provisions represent the group's best estimate of the liability as a result of the warranties granted on certain products and is based on past experience and industry averages for defective products.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

(Expressed in United States Dollars)

Financial risk factors

The Group's activities expose it to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets and it borrows at variable rates. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of credit facilities.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group's policy is not to enter into any currency hedging transactions. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3. Other operating income

	2003 US$	*2004 US$*	*2005 US$*
Exchange gain/(loss) on operations	299,391	173,197	(3,418)
Bad debts recovered	16,342	88,592	46,422
Other operating income	155,968	115,851	265,151
	471,701	377,640	308,155

The exchange gain or loss which is directly related to the operations of the company mainly as a result of purchases and sales in currencies other than the reporting currency is included in other operating income.

(Expressed in United States Dollars)

4. Financial expense, net

	2003 US$	*2004 US$*	*2005 US$*
Interest income	71,112	49,998	131,672
Interest on taxation	—	—	65,578
Other financial income	—	—	29,386
Exchange gain	320,658	153,759	—
	391,770	203,757	226,636
Bank interest	699,079	1,017,544	1,209,602
Bank charges	409,362	593,321	590,544
Factoring interest	267,931	374,537	278,631
Factoring charges	387,491	382,780	950,165
Other financial expenses	—	34,863	31,420
Other interest	93,424	170,186	216,257
Exchange loss	—	—	557,887
Interest on taxation	—	—	2,614
	(1,857,287)	(2,573,231)	(3,837,120)
Net	(1,465,517)	(2,369,474)	(3,610,484)

5. Other income

	2003 US$	*2004 US$*	*2005 US$*
Profit on disposal of property, plant and equipment	21,450	48,169	28,969

6. Profit before taxation

	2003 US$	*2004 US$*	*2005 US$*
Profit before taxation is stated after crediting:			
(a) Exchange gain and after charging:	(620,049)	(326,956)	—
(b) Depreciation	836,299	1,112,558	1,097,413
(c) Amortisation/write off of intangible assets and goodwill	438,112	663,481	616,084
(d) Bank interest and charges	1,108,441	1,610,865	1,800,146
(e) Auditors' remuneration	328,686	563,447	573,307
(f) Exchange loss	—	—	561,305
(g) Bad debt expense	396,160	368,160	442,393

7. Taxation

	2003 US$	*2004 US$*	*2005 US$*
(Debit) / credit balance 1 January	(58,506)	(367,076)	250,466
Provision for the year	382,798	866,868	932,416
Underprovision of prior years	23,307	—	3,344
Amounts paid, net	(714,675)	(249,326)	(1,170,817)
(Debit) / credit balance 31 December	(367,076)	250,466	15,409

(Expressed in United States Dollars)

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.

Until 31 December 2002, International Business Companies ("IBCs") in Cyprus were taxed at 4.25% on their taxable income. In July 2002 the House of Representatives in Cyprus enacted a new tax legislation that came into effect from 1 January 2003. According to this new tax law, there will no longer be a distinction between local companies and International Business Companies. The taxable profits of all Cyprus companies will be taxed at the rate of 10%. IBCs which had income from their activities during the year ended 31 December 2001 could elect to be taxed in accordance with the transitional provisions of taxation. These provisions state that such companies may elect to be taxed at 4.25% on their taxable income until 31 December 2005 but they will not enjoy certain tax exemptions offered by the new law. In addition, such companies will not be subject to defence contribution.

The directors had elected for the holding company to be taxed under the transitional rules at the rate of 4.25%. However, the other Cyprus resident companies of the group were taxed at the rate of 10%.

Dividends received by Cyprus companies are exempt from Corporation Tax. They are also exempt from Special Defence Contribution provided certain conditions are met.

Dividends received by a Cyprus resident company from another Cyprus resident company are exempt from Special Defence Contribution. Dividends received by a Cyprus resident company from a non resident company are exempt from Special Defence Contribution if more than 1% of the shares of the non resident company are held by the Cyprus resident company. This exemption does not apply and the dividends are subject to 15% Defence Contribution if the foreign company paying the dividends:

(a) carries on more than 50% investment activities giving rise to investment income; and

(b) the foreign tax burden on its profits is significantly lower than the Cyprus tax burden (in practice lower than 5%).

Dividends paid by a Cyprus Resident Company to its non resident shareholders (a company outside Cyprus) would not be subject to withholding tax in Cyprus, regardless of the existence of a Treaty between Cyprus and the home country of the shareholders.

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

	2003 *US$*	*2004* *US$*	*2005* *US$*
Provision for the year	382,798	866,868	932,416
Underprovision of prior years	23,307	—	3,344
Deferred tax charge/(credit)	177,357	(25,360)	3,620
Charge for the year	583,462	841,508	939,380

(Expressed in United States Dollars)

The charge for taxation is based on the group's profits for the year as adjusted for tax purposes. The reconciliation of the charge for the year is as follows:

	2003 US$	2004 US$	2005 US$
Income Assessed to tax in Cyprus at 10%	—	1,026,982	1,786,130
Income Assessed to tax in Cyprus at 4.25%	5,371,468	413,257	5,762,043
Income subject to Overseas Tax	1,362,114	3,090,825	1,769,470
Accounting profit	6,733,582	4,531,064	9,317,643
Corporation tax thereon at the applicable rate of 10%	—	102,698	178,613
Corporation tax thereon at the applicable rate of 4.25%	228,287	17,564	244,887
Income not taxable in determining taxable profit	(463)	(19,440)	(9,302)
Temporary differences	(8,790)	(5,682)	683
Tax effect of losses brought forward	—	(1,681)	—
Tax on non-allowable expenses	3,290	43,710	29,051
Additional tax 10%	—	10,081	12,547
	222,324	147,250	456,479
Special contribution to defence fund	—	—	6,558
Underprovision of prior years	23,307	—	3,344
Deferred tax charge / (credit)	177,357	(25,360)	3,620
Tax on income subject to overseas tax	160,474	719,618	469,379
Taxation charge for the year	583,462	841,508	939,380

Deferred tax	2003 US$	2004 US$	2005 US$
Deferred tax asset:			
The deferred tax asset mainly relates to provisions for receivables and warranties	18,045	—	—
Deferred tax liability:			
The deferred tax liability relates to excess of book depreciation over capital allowances	58,218	3,992	8,295

8. Other current assets

	2003 US$	2004 US$	2005 US$
Other debtors and prepayments	1,540,905	1,334,448	1,823,852
VAT and other taxes refundable	2,045,002	548,000	1,115,769
Loan due from fellow subsidiary company	110,000	110,000	110,000
Loans advanced	183,405	171,286	164,120
Advances to suppliers	562,704	1,780,987	404,416
Employee floats	13,702	101,618	74,427
Deposits	147,065	210,118	327,857
	4,602,783	4,256,457	4,020,441

The directors consider that the carrying amount of other current assets of the group approximate their fair value.

(Expressed in United States Dollars)

9. Property, plant and equipment

	Land and buildings US$	Warehouse machinery US$	Furniture and fittings US$	Office equipment US$	Motor vehicles US$	Computer hardware US$	Total US$
Cost							
At 1 January 2003	3,586,245	—	419,678	610,140	1,096,312	1,718,793	7,431,168
Foreign exchange difference on opening balances	194,539	—	7,005	75,180	93,903	88,041	458,668
Additions	77,408	84,911	121,074	257,038	303,413	529,668	1,373,512
Disposals	—	—	(25,564)	(56,004)	(159,307)	(102,870)	(343,745)
At 1 January 2004	3,858,192	84,911	522,193	886,354	1,334,321	2,233,632	8,919,603
Foreign exchange difference on opening balances	274,372	7,669	23,175	81,340	109,396	135,644	631,596
Additions	219,133	5,677	70,548	191,139	296,228	429,162	1,211,887
Disposals	—	—	(12,755)	(204,843)	(245,366)	(120,941)	(583,905)
At 1 January 2005	4,351,697	98,257	603,161	953,990	1,494,579	2,677,497	10,179,181
Foreign exchange difference on opening balances	(170,674)	(12,638)	(28,375)	(80,102)	(126,640)	(174,379)	(592,808)
Additions	553,851	—	100,008	183,741	289,434	333,974	1,461,008
Disposals	—	—	(8,379)	(17,561)	(205,065)	(65,763)	(296,768)
Disposal of subsidiary	—	—	(3,950)	(5,706)	(10,807)	(16,973)	(37,436)
At 31 December 2005	4,734,874	85,619	662,465	1,034,362	1,441,501	2,754,356	10,713,177
Accumulated depreciation							
At 1 January 2003	102,073	—	116,148	322,320	560,855	740,542	1,841,938
Foreign exchange difference on opening balances	(16,634)	—	2,298	41,072	69,235	51,913	147,884
Charge for the year	114,038	4,533	85,917	97,533	223,514	310,764	836,299
Disposals	—	—	(6,120)	(48,310)	(136,872)	(66,950)	(258,252)
At 1 January 2004	199,477	4,533	198,243	412,615	716,732	1,036,269	2,567,869
Foreign exchange difference on opening balances	(336)	408	11,184	45,636	59,681	75,788	192,361
Charge for the year	130,299	22,389	63,825	171,182	234,959	489,904	1,112,558
Disposals	—	—	(4,134)	(164,830)	(192,908)	(85,996)	(447,868)
At 1 January 2005	329,440	27,330	269,118	464,603	818,464	1,515,965	3,424,920
Foreign exchange difference on opening balances	(12,187)	(3,514)	(14,757)	(39,763)	(47,424)	(116,026)	(233,671)
Charge for the year	145,234	20,021	70,021	130,368	248,456	483,313	1,097,413
Disposals	—	—	(3,036)	(7,303)	(174,119)	(36,742)	(221,200)
Elimination on disposal of subsidiary	—	—	(2,211)	(1,567)	(9,339)	(4,808)	(17,925)
At 31 December 2005	462,487	43,837	319,135	546,338	836,038	1,841,702	4,049,537
Net book value							
31 December 2005	4,272,387	41,782	343,330	488,024	605,463	912,654	6,663,640
31 December 2004	4,022,257	70,927	334,043	489,387	676,115	1,161,532	6,754,261
31 December 2003	3,658,715	80,378	323,950	473,739	617,589	1,197,363	6,351,734

(Expressed in United States Dollars)

10. Intangible assets

	Computer software under development *US$*	*Computer software* *US$*	*Patents & licences* *US$*	*Total* *US$*
The Group				
Cost				
At 1 January 2003	521,586	1,385,876	398	1,907,860
Foreign exchange difference on opening balances	—	40,147	207	40,354
Revaluations	—	1,830	—	1,830
Additions	235,958	709,025	—	944,983
Disposals	—	(267)	—	(267)
At 1 January 2004	757,544	2,136,611	605	2,894,760
Foreign exchange difference on opening balances	—	70,631	—	70,631
Revaluations				
Additions	—	463,543	146,162	609,705
Disposals	—	(20,264)	—	(20,264)
Transfer to computer software	(757,544)	757,544	—	—
At 1 January 2005	—	3,408,065	146,767	3,554,832
Foreign exchange difference on opening balances	—	(120,615)	—	(120,615)
Additions	—	383,790	73,887	457,677
Disposals	—	(74,072)	—	(74,072)
Disposal of subsidiary	—	(3,080)	—	(3,080)
At 31 December 2005	—	3,594,088	220,654	3,814,742
Accumulated amortisation				
At 1 January 2003	—	868,445	110	868,555
Foreign exchange difference on opening balances	—	30,338	197	30,535
Revaluation	—	1,684	—	1,684
Charge for the year	—	372,527	145	372,672
Disposals	—	(205)	—	(205)
At 1 January 2004	—	1,272,789	452	1,273,241
Foreign exchange difference on opening balances	—	50,643	—	50,643
Charge for the year	—	592,419	6,637	599,056
Disposals	—	(19,648)	—	(19,648)
At 1 January 2005	—	1,896,203	7,089	1,903,292
Foreign exchange difference on opening balances	—	(84,004)	—	(84,004)
Charge for the year	—	553,607	48,857	602,464
Disposals	—	(49,328)	—	(49,328)
Elimination on disposal of subsidiary	—	(907)	—	(907)
At 31 December 2005	—	2,315,571	55,946	2,371,517
Net book value				
31 December 2005	—	1,278,517	164,708	1,443,225
31 December 2004	—	1,511,862	139,678	1,651,540
31 December 2003	757,544	863,822	153	1,621,519

(Expressed in United States Dollars)

11. Goodwill on consolidation

	Goodwill		
	Positive US$	*Negative US$*	*Net US$*
Cost			
At 1 January 2003	565,485	(260,987)	304,498
Additions	22,700	—	22,700
At 1 January 2004	588,185	(260,987)	327,198
Additions	—	—	—
At 1 January 2005	588,185	(260,987)	327,198
Elimination of amortisation accumulated prior to the adoption of IFRS3 (see note 2)	(574,565)	—	(574,565)
At 31 December 2005	13,620	(260,987)	(247,367)
Accumulated amortisation			
At 1 January 2003	(339,291)	155,578	(183,713)
Charge for the year	(117,637)	52,197	(65,440)
At 1 January 2004	(456,928)	207,775	(249,153)
Charge for the year	(117,637)	53,212	(64,425)
At 1 January 2005	(574,565)	260,987	(313,578)
Elimination of amortisation accumulated prior to the adoption of IFRS3 (see note 2)	574,565	—	574,565
At 31 December 2005	—	260,987	260,987
Impairment/write off			
Impairment loss recognised in the year ended 31 December 2005	(13,620)	—	(13,620)
Negative goodwill written off	—	—	—
Goodwill written off, net	(13,620)	—	(13,620)
Net book value			
31 December 2005	—	—	—
31 December 2004	13,620	—	13,620
31 December 2003	131,257	(53,212)	78,045

(Expressed in United States Dollars)

12. Investment in subsidiary companies

The principal subsidiary undertakings of the Group are summarised as follows:

Subsidiary Company	*Country of incorporation*	*Percentage of participation %*	*2003*	*2004*	*2005*
Asbis Ukraine Limited	Ukraine	100	√	√	√
Asbis PL Sp.zo.o.	Poland	100	√	√	√
AS Asbis Baltic	Estonia	100	√	√	√
Asbis Romania S.R.L.	Romania	100	√	√	√
Asbis Cr d.o.o.	Croatia	100	√	√	√
Asbis YU d.o.o.	Serbia	100	√	√	√
Asbis Hungary Limited	Hungary	100	√	√	√
Asbis Bulgaria Limited	Bulgaria	100	√	√	√
Asbis CZ, spoI.s.r.o.	Czech Republic	100	√	√	√
UAB Asbis Vilnius	Lithuania	100	√	√	√
Asbis Slovenia d.o.o.	Slovenia	100	√	√	√
Asbis Middle East FZE	United Arab Emirates	100	√	√	√
Asbis SK sp.l sr.o.	Slovakia	100	√	√	√
Asbis Europe BV	Netherlands	100	√	√	√
Asbis Limited	Ireland	100	√	√	√
ZAO Automatic Systems of Business Control-Minsk	Belarus	100	√	√	√
ISA Hardware Limited – Group	Cyprus	100	√	√	√
OOO 'Elko Computers'- Minsk (note a)	Belarus	60	√	√	—
OOO 'Asbis' – Moscow	Russia	100	√	√	√
Asbis Nordic AB	Sweden	100	√	√	√
Asbis Fin OY	Finland	100	√	√	√
Asbis Morocco Limited	Morocco	100	√	√	√

The principal activity of the group is the trading and distribution of computer hardware and software.

NOTES TO THE FINANCIAL INFORMATION
FOR THE THREE YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005
(Expressed in United States Dollars)

During 2005, the subsidiary OOO " Elko Computers"– Minsk was disposed. The net assets of OOO "Elko Computers" – Minsk at the date of disposal and at 31 December 2004 were as follows:

	31/12/2004 US$	*31/8/2005 US$*
Inventories	1,008,600	1,091,565
Trade receivables	111,108	471,705
Other debtors and prepayments	126,242	50,834
Cash and cash equivalents	163,626	220,698
Property, plant and equipment	19,514	16,220
Intangible assets	2,174	1,798
Trade payables	(1,292,396)	(1,567,078)
Other creditors and accruals	(10,569)	(21,659)
Taxation	(5,421)	—
Net asset value	122,878	264,083
Minority interest share of Net Assets (40%)	(49,150)	(105,634)
Group share of net asset value	73,728	158,449
Profit on disposal		18,349
Total cash consideration received		176,798
Net cash outflow arising on disposal:		
Cash consideration received		176,798
Cash and cash equivalents disposed of		(220,698)
		(43,900)

13. Investment in fellow subsidiary company

The Group	*Country of incorporation*	*Percentage of participation*	*2003 US$*	*2004 US$*	*2005 US$*
E-Vision Limited Shares at cost of acquisition	Cyprus	18%	90,000	90,000	90,000

14. Other current liabilities

The Group	*2003 US$*	*2004 US$*	*2005 US$*
Factoring creditors (Note α)	6,341,596	8,105,650	9,450,317
Salaries payable and related costs	479,360	354,618	533,400
Amount due to holding company	56,044	—	—
VAT payable	—	3,559,331	3,899,737
Amount due to director	—	107,228	66,217
Non-trade accounts payable	5,005,244	2,916,120	2,964,343
Accruals and deferred income	1,792,392	3,918,254	3,526,580
	13,674,636	18,961,201	20,440,594

Note α: The group had as at 31 December 2005 factoring facilities of US$ 19,436,440 (2004: US$ 15,277,639, 2003: US$ 13,248,753). These factoring facilities are secured as mentioned in note 15.

The directors consider that the carrying amount of other current liabilities of the group approximate their fair value.

(Expressed in United States Dollars)

15. Bank overdrafts and short-term loans

	2003 US$	2004 US$	2005 US$
Bank overdrafts – Note 19	3,708,637	10,354,622	12,927,415
Bank short term loans	4,184,934	8,584,258	7,300,936
Loan due to holding company	200,000	—	—
Current portion of long term loans	189,340	191,871	174,524
	8,282,911	19,130,751	20,402,875

The group had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

	2003 US$	2004 US$	2005 US$
Overdraft lines	11,291,070	14,936,345	15,042,755
Short term loans/revolving facilities	3,609,085	12,170,000	8,651,758
	14,900,155	27,106,345	23,694,513

The group had for the three years ended 31 December 2005 cash lines (overdrafts, loans and revolving facilities) and factoring lines. The Weighted Average Cost of Debt (cash lines and factoring lines) for 2005 was 8,1% (2004: 8,6%, 2003: 9.3%)

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 floating charge over all assets of the company for a total amount of US$ 4,000,000;

– second floating charge on the whole undertaking including the company's uncalled capital, goodwill and book debts for US$ 2,000,000 plus interest;

– mortgage on ¼ of the property of Diamond Properties Ltd for the amount of US$ 1,800,000;

– personal guarantees of the Chairman and Chief Executive Officer;

– assignment of the sales contract between Diamond Properties Ltd and the Company;

– charge over receivables and inventories;

– corporate guarantees and, in some cases, by also cross guarantees by all group companies to the extent of facilities granted;

– assignment of fire insurance policy; and

– pledged deposits of US$ 3,804,178 in 2005 (2004: US$ 3,756,800, 2003: US$ 2,797,750).

16. Long term liabilities

The Group	2003 US$	2004 US$	2005 US$
Bank loans	1,034,481	943,403	715,210
Other long term liabilities	—	176,435	177,960
	1,034,481	1,119,838	893,170

(Expressed in United States Dollars)

17. Share capital

	2003 US$	2004 US$	2005 US$
Authorised, issued, called-up and fully paid			
40,000,000 ordinary shares of US$ 0.20 each	8,000,000	8,000,000	8,000,000
8,000,000 preference shares of US$ 0.20 each	1,600,000	1,600,000	1,600,000
	9,600,000	9,600,000	9,600,000

At 31 December 2005 the authorised, issued and fully paid share capital of the company consisted of 40,000,000 ordinary shares of US$ 0.20 each and 8,000,000 preference shares of US$ 0.20 each.

There are no dilutive instruments and thus the number of shares used for earnings per share is 48m.

The preference shares:

a) have the same voting and dividend rights as the ordinary shares of the company.

b) have priority to the ordinary shares of the company with regard to repayment of capital on liquidation, winding up or on a sale of the company.

c) are convertible into ordinary shares on one-for-one basis at the option of the holders of preference shares.

18. Minority interest

Minority interest represents the participation of shareholders outside the group in the subsidiary companies as follows:

		Percentage of participation		
	Country of incorporation	*2003 %*	*2004 %*	*2005 %*
OOO "Elko Computers" – Minsk	Belarus	40	40	—

	2003 US$	2004 US$	2005 US$
Balance at 1 January	10,400	(10,476)	49,150
Exchange difference arising on the conversion of foreign subsidiaries	1,296	(296)	525
Minority interest during the year			
Asbis Ukraine Ltd	12,737	—	—
OOO "Elko Computers" – Minsk	24,177	59,922	55,959
Minority interest on companies wholly owned as at 31 December 2003	(59,086)	—	—
Minority interest on disposal	—	—	(105,634)
Balance at 31 December	(10,476)	49,150	—

19. Cash and cash equivalents

The Group	2003 US$	2004 US$	2005 US$
Cash at bank	20,451,403	25,868,258	25,106,038
Bank overdrafts – Note 15	(3,708,637)	(10,354,622)	(12,927,415)
	16,742,766	15,513,636	12,178,623

The cash at bank balances include an amount of US$ 3,804,178 in 2005 (2004: US$ 3,756,800, 2003: US$ 2,797,750) which represents pledged deposits.

(Expressed in United States Dollars)

20. Commitments and contingencies

As at 31 December 2005 the group was committed to purchases of stock of a total cost value of US$ 4,733,707 (2004: US$ 6,868,474, 2003: US$ 2,487,811) which were in transit at 31 December 2005 and delivered in January 2006. Such stocks and the corresponding liability towards the supplier have not been included in the financial information since, according to the terms of the purchase, title of the goods had not passed to the company as at the year end.

As at 31 December 2005 the group were contingently liable in respect of bank guarantees of US$ 4,656,030 (2004: US$ 4,374,365, 2003: US$ 3,450,000) which the group had extended mainly to group vendors as at 31 December 2005.

As at 31 December 2005 the group had no legal commitments and contingencies.

21. Related party transactions and balances

The holding company of the group is K.S. Holdings Limited, a company incorporated in Cyprus. Transactions between the company and its subsidiaries have been eliminated on consolidation. In the normal course of business, the group undertook during the year on an arm's-length basis transactions with the fellow subsidiary company E-Vision Limited and its subsidiaries as follows:

	2003 US$	*2004 US$*	*2005 US$*
The Group			
Purchase of services	557,442	459,750	587,120
Sale of services	1,657	5,020	7,190

	2003 *US$*	**2004** *US$*	**2005** *US$*
Related party balances			
Loan due from fellow subsidiary company (note 8)			
E-Vision Limited	110,000	110,000	110,000
Included in Non trade accounts payable (note 14)			
E-Vision Limited	—	18,500	3,750

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2003 US$	*2004 US$*	*2005 US$*
Short-term benefits	684,689	366,453	400,200

22. Final proposed dividend

	2003 US$	*2004 US$*	*2005 US$*
Final proposed dividend for the year	—	—	960,000

The Board of Directors proposed the payment of a final dividend of US$ 0,02 per share for the year ended 31 December 2005 (total proposed dividend – US$ 960,000) which was submitted for approval at the annual general meeting of the company. The proposed dividend for the year 2005 has not been recognized as a liability as at 31 December 2005 in accordance with revised IAS10 – Post Balance Sheet Events, where proposed dividends are recognized in the Income Statement and in the Balance Sheet of the company after their approval at the annual general meeting.

23. Treasury Stock

In the year to 31 December 2003 the company acquired in total 800,000 of its own shares for the total amount of US$ 586,497 which had been deducted from the equity of the company and is stated in the statement of changes in equity. These shares had not been cancelled and were allotted in 2004 to existing shareholders.

24. Segmental analysis

The group operates in a single segment of the distribution of IT components in a number of geopraphies.

The following table produces an analysis of the Group's sales by geographical market, irrespective of the origin of the goods.

	Sales revenue by geographical market		
	Year ended 31 December 2003 US$'000	*Year ended 31 December 2004 US$'000*	*Year ended 31 December 2005 US$'000*
Former Soviet Union	292,226	364,499	453,459
Eastern Europe	207,248	252,651	313,126
Western Europe	96,047	73,440	84,899
Middle East & Africa	51,073	36,187	54,865
Other	33,087	28,943	24,040
Total Revenue	679,681	755,720	930,389

PART IV
UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

ASBISC ENTERPRISES PLC

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2006
(Expressed in United States Dollars)

	Notes	*For the six months ended 30 June 2006 US$*	*For the six months ended 30 June 2005 US$*
Revenue		426,368,013	393,205,497
Cost of sales		(408,829,273)	(379,210,561)
Gross profit		**17,538,740**	**13,994,936**
Other operating income	4	90,827	130,012
Selling expenses		(6,651,806)	(5,983,947)
Administrative expenses		(6,416,924)	(5,667,136)
Profit from operations before write-off of goodwill		**4,560,837**	**2,473,865**
Financial expenses, net	5	(1,806,009)	(1,653,052)
Financial income	5	202,668	48,066
Other income		11,948	12,222
Goodwill written off	11	(39,031)	(6,810)
Profit before taxation	5	**2,930,413**	**874,291**
Taxation	6	(444,343)	(135,166)
Profit after taxation		**2,486,070**	**739,125**
		US$ cent	*US$ cent*
Earnings per share		0.05	0.02

ASBISC ENTERPRISES PLC

UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006
(Expressed in United States Dollars)

	Notes	Unaudited as at 30 June 2006 US$	Audited as at 31 December 2005 US$
ASSETS			
Current assets			
Inventories		58,800,586	58,701,878
Trade receivables		104,033,864	110,971,092
Other current assets	8	3,962,745	4,020,441
Cash and cash equivalents		9,106,464	25,106,038
Total current assets		**175,903,659**	**198,799,449**
Non-current assets			
Property, plant and equipment	9	6,543,682	6,663,640
Investment in fellow subsidiary company	11	90,000	90,000
Intangible assets	10	1,429,534	1,443,225
Total non-current assets		**8,063,215**	**8,196,865**
Total assets		**183,966,874**	**206,996,314**
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables		92,311,324	114,276,334
Other current liabilities	12	15,351,937	20,440,594
Taxation	7	258,477	15,409
Deferred tax liability		—	8,295
Bank overdrafts and short term loans	12	21,550,271	20,402,875
Total current liabilities		**129,472,009**	**155,143,507**
Non-current liabilities			
Long term liabilities	14	875,204	893,170
Total non-current liabilities		**875,204**	**893,170**
Total liabilities		**130,347,213**	**156,036,677**
Equity			
Share capital	14	9,600,000	9,600,000
Share premium		8,138,039	8,138,039
Reserves		35,881,622	33,221,598
Total equity		**53,619,661**	**50,959,637**
Total liabilities and equity		**183,966,874**	**206,996,314**

ASBISC ENTERPRISES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2006
(Expressed in United States Dollars)

	Share capital *US$*	*Share premium account* *US$*	*Retained earnings* *US$*	*Foreign exchange reserve* *US$*	*Total* *US$*
Balance at 1 January 2005	**9,600,000**	**8,138,039**	**24,209,243**	**1,285,301**	**43,232,583**
Profit for the period from 1 January 2005 to 30 June 2005	—	—	739,125	—	739,125
Exchange difference arising on consolidation	—	—	—	(111,966)	(111,966)
Balance at 30 June 2005	**9,600,000**	**8,138,039**	**24,948,368**	**1,173,335**	**43,859,742**
Profit for the period from 1 July 2005 to 31 December 2005	—	—	7,583,179	—	7,583,179
Exchange difference arising on consolidation	—	—	—	(483,284)	483,284
Balance at 31 December 2005	**9,600,000**	**8,138,039**	**32,531,547**	**690,051**	**50,959,637**
Profit for the period from 1 January 2006 to 30 June 2006	—	—	2,486,070	—	2,486,070
Exchange difference arising on consolidation	—	—	—	173,954	173,954
Balance 30 June 2006	**9,600,000**	**8,138,039**	**35,017,617**	**864,005**	**53,619,661**

ASBISC ENTERPRISES PLC

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2006
(Expressed in United States Dollars)

	Note	*For the six months ended 30 June 2006 US$*	*For the six months ended 30 June 2005 US$*
Profit for the period before tax and minority interest		2,930,413	874,290
Adjustments for:			
Exchange difference arising on consolidation		195,445	(111,966)
Depreciation		493,207	500,496
Amortisation of intangible assets		348,277	318,269
Goodwill written off		39,031	6,810
Profit from the sale of property, plant and equipment and intangible assets		(3,913)	(24,159)
Operating profit before working capital changes		**4,002,460**	**1,563,740**
Increase in inventories		(98,708)	(3,672,902)
(Increase)/decrease in trade receivables		(6,937,228)	(2,556,474)
Decrease in other current assets		57,696	2,150,995
Increase/(decrease) in trade payables		(21,965,010)	(4,890,322)
Increase/(decrease) in other current liabilities		(5,088,657)	(8,981,037)
Cash inflows/(outflows) from operations		**(16,154,992)**	**(16,386,000)**
Taxation paid, net	7	(209,570)	(230,022)
Net cash inflows/(outflows) from operating activities		**(16,364,562)**	**(16,616,022)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(463,735)	(8,784)
Purchase of intangible assets		(325,905)	(57,986)
Proceeds from sale of property, plant and equipment and intangible assets		25,197	107,813
Net cash outflows/(outflows) from investing activities		**(764,443)**	**41,043**
Cash flows from financing activities			
(Repayments)/proceeds of long term loans		(17,966)	(163,939)
(Repayments)/proceeds of short term loans		(308,718)	(3,350,313)
Net cash (outflows)/inflows from financing activities		**(326,684)**	**(3,514,252)**
Net decrease in cash and cash equivalents		**(17,455,689)**	**(20,089,231)**
Cash and cash equivalents at beginning of the period		**12,178,623**	**15,513,636**
Cash and cash equivalents at end of the period		**(5,277,066)**	**(4,575,595)**

(Expressed in United States Dollars)

1. Incorporation and principal activities

Asbisc Enterprises Limited 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 ultimate holding company of the group is K.S. Holdings Limited, a company incorporated in Cyprus.

2. Basis of preparation

These un-audited financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

Significant accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

The financial statements have been prepared under the historical cost convention.

3. Effects of seasonality

The group's revenue and consequently its profitability is 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.

4. Other operating income

	For the six months ended 30 June 2006 US$	*For the six months ended 30 June 2005 US$*
Bad debts recovered	35,126	—
Other operating income	55,701	130,012
	90,827	130,012

5. Financial expenses and income

	For the six months ended 30 June 2006 US$	*For the six months ended 30 June 2005 US$*
Interest income	98,658	48,066
Exchange gain	104,010	—
	202,668	48,066
Bank interest	792,283	615,056
Bank charges	305,787	277,021
Factoring interest	213,942	186,135
Factoring charges	186,798	162,338
Other financial expenses	253,277	214,479
Other interest	53,922	—
Exchange loss	—	198,023
	(1,806,009)	(1,653,052)
Net	(1,603,341)	(1,604,986)

(Expressed in United States Dollars)

6. Profit before taxation

	For the six months ended 30 June 2006 US$	*For the six months ended 30 June 2005 US$*
Profit before taxation is stated after crediting:		
(a) Exchange gain and after charging:	104,010	—
(b) Depreciation	493,207	500,496
(c) Amortisation of intangible assets and goodwill	348,277	318,269
(d) Bank interest and charges	1,098,070	892,077
(e) Auditors' remuneration	274,042	180,361
(f) Exchange loss	—	198,023

7. Taxation

	For the six months ended 30 June 2006 US$	*For the six months ended 30 June 2005 US$*
Credit/(debit) balance 1 January	15,409	250,466
Provision for the period	444,343	932,416
Underprovision of prior years	8,295	3,344
Amounts paid, net	(209,570)	(1,170,817)
Credit balance 30 June	258,477	15,409

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.

8. Other current assets

	As at 30 June 2006 US$	*As at 30 June 2005 US$*
Other debtors and prepayments	1,795,916	1,823,852
VAT and other taxes refundable	1,100,243	1,115,769
Loan due from fellow subsidiary company	110,000	110,000
Loans advanced	247,957	164,120
Advances to suppliers	392,208	404,416
Employee floats	110,628	74,427
Deposits	205,093	327,857
	3,962,745	4,020,441

The directors consider that the carrying amount of other current assets of the group approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2006
(Expressed in United States Dollars)

9. Property, plant and equipment

	Land and buildings US$	*Warehouse machinery US$*	*Furniture and fittings US$*	*Office equipment US$*	*Motor vehicles US$*	*Computer hardware US$*	*Total US$*
Cost							
At 1 January 2005	4,351,697	98,257	603,161	953,990	1,494,579	2,677,497	10,179,181
Foreign exchange difference on opening balances	(170,674)	(12,638)	(28,375)	(80,102)	(126,640)	(174,379)	(592,808)
Additions	553,851	—	100,008	183,741	289,434	333,974	1,461,008
Disposals	—	—	(12,329)	(23,267)	(215,872)	(82,736)	(334,204)
At 1 January 2006	4,734,874	85,619	662,465	1,034,362	1,441,501	2,754,356	10,713,177
Foreign exchange difference on opening balances	158,434	—	984	9,057	(20,363)	(9,971)	138,141
Additions	31,783	5,032	82,573	39,973	66,022	238,352	463,375
Disposals	—	—	(1,373)	(4,799)	(28,502)	(32,676)	(67,350)
Disposal of subsidiary		—	—	—	—	—	—
At 30 June 2006	4,925,091	90,651	744,649	1,078,593	1,458,658	2,950,061	11,247,343
Accumulated depreciation							
At 1 January 2005	329,440	27,330	269,118	464,603	818,464	1,515,965	3,424,920
Foreign exchange difference on opening balances	(12,187)	(3,514)	(14,757)	(39,763)	(47,424)	(116,026)	(233,671)
Correction of depreciation	—	—	—	—	—	—	—
Charge for the year	145,234	20,021	70,021	130,368	248,456	483,313	1,097,413
Disposals	—	—	(5,247)	(8,870)	(183,458)	(41,550)	(239,125)
At 1 January 2006	462,487	43,837	319,135	546,338	836,038	1,841,702	4,049,537
Foreign exchange difference on opening balances	16,282	8,491	(21,785)	49,319	1,792	153,468	207,567
Charge for the year	94,847	10,216	40,801	60,385	98,606	188,352	493,207
Disposals	—	—	(1,373)	(5,484)	(5,842)	(33,591)	(46,290)
At 30 June 2006	573,616	62,544	336,778	650,558	930,594	2,149,931	4,704,021
Net book value							
30 June 2006	4,351,475	28,107	407,871	428,035	528,064	800,130	6,543,682
31 December 2005	4,272,387	41,782	343,330	488,024	605,463	912,654	6,663,640

(Expressed in United States Dollars)

10. Intangible assets

	Computer software US$	*Patents & licences US$*	*Total US$*
Cost			
At 1 January 2005	3,408,065	146,767	3,554,832
Foreign exchange difference on opening balances	(120,615)	—	(120,615)
Revaluations			
Additions	383,790	73,887	457,677
Disposals	(77,152)	—	(77,152)
Transfer to computer software	—	—	—
At 1 January 2006	3,594,088	220,654	3,814,742
Foreign exchange difference on opening balances	(59,131)	850	(58,281)
Additions	246,726	79,179	325,905
Disposals	(279)		(279)
Disposal of subsidiary			
At 30 June 2006	3,781,404	300,683	4,082,087
Accumulated amortisation			
At 1 January 2005	1,896,203	7,089	1,903,292
Foreign exchange difference on opening balances	(84,004)	—	(84,004)
Charge for the year	553,607	48,857	602,464
Disposals	(50,235)	—	(50,235)
At 1 January 2005	2,315,571	55,946	2,371,517
Foreign exchange difference on opening balances	(67,219)	32	(67,187)
Charge for the year	273,386	74,891	348,277
Disposals	(54)		(54)
Elimination on disposal of subsidiary			
At 30 June 2006	2,521,684	130,869	2,652,553
Net book value			
30 June 2006	1,259,720	169,814	1,429,534
31 December 2005	1,278,517	164,708	1,443,225

11. Investment in fellow subsidiary company

	Country of incorporation	*Percentage of participation*	*As at 30 June 2006 US$*	*As at 31 December 2005 US$*
E-Vision Limited				
Shares at cost of acquisition	Cyprus	18%	90,000	90,000

(Expressed in United States Dollars)

12. Other current liabilities

	As at 30 June 2006 US$	*As at 31 December 2005 US$*
Factoring creditors	7,292,153	9,450,317
Salaries payable and related costs	447,436	533,400
VAT payable	2,547,409	3,899,737
Amount due to director	—	66,217
Non-trade accounts payable	2,411,525	2,964,343
Accruals and deferred income	2,653,414	3,526,580
	15,351,937	20,440,594

The group, as at 30 June 2006 had factoring facilities of US$ 20,478,002 (2005: US$ 19,436,440). These factoring facilities are secured as mentioned in note 13.

13. Bank overdrafts and short-term loans

	As at 30 June 2006 US$	*As at 31 December 2005 US$*
Bank overdrafts	14,383,529	12,927,415
Bank short term loans	7,166,742	7,475,460
	21,550,271	20,402,875

The group as at 30 June 2006 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

– overdraft lines of US$ 16,151,375

– short term loans/revolving facilities US$ 9,825,230

The group had for the period ending 30 June 2006 cash lines (overdrafts, loans and revolving facilities) and factoring lines. The Weighted Average Cost of Debt (cash lines and factoring lines) for this period was 8.5% (2005: 8.1%).

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 floating charge over all assets of the company for a total amount of US$ 4,000,000.

– Second floating charge on the whole undertaking including the company's uncalled capital, goodwill and book debts for US$ 2,000,000 plus interest

– Mortgage on ¼ of the property of Diamond Properties Ltd for the amount of US$ 1,800,000

– Personal guarantees of the Chairman and Chief Executive Officer

– Assignment of the sales contract between Diamond Properties Ltd and the Company

– Charge over receivables and inventories

– Corporate guarantees and, in some cases, by also cross guarantees by all group companies to the extent of facilities granted

– Assignment of fire insurance policy

– Pledged deposits of US$ 3,868,590

(Expressed in United States Dollars)

14. Long term liabilities

	As at 30 June 2006 US$	*As at 31 December 2005 US$*
Bank loans	698,769	715,210
Other long term liabilities	176,435	177,960
	875,204	893,170

15. Share capital

	As at 30 June 2006 US$	*As at 31 December 2005 US$*
Authorised, issued, called-up and fully paid		
40,000,000 ordinary shares of US$ 0.20 each	8,000,000	8,000,000
8,000,000 preference shares of US$ 0.20 each	1,600,000	1,600,000
	9,600,000	9,600,000

At 30 June 2006 the authorised, issued and fully paid share capital of the company consisted of 40,000,000 ordinary shares of US$ 0.20 each and 8,000,000 preference shares of US$ 0.20 each.

The preference shares:

a) have the same voting and dividend rights as the ordinary shares of the company.

b) have priority to the ordinary shares of the company with regard to repayment of capital on liquidation, winding up or on a sale of the company.

c) are convertible into ordinary shares on one-for-one basis at the option of the holders of preference shares.

16. Segmental analysis

The group operates in a single segment of the distribution of IT components in a number of geographies.

The following table produces an analysis of the Group's sales by geographical market, irrespective of the origin of the goods.

	Sales revenue by geographical market	
	1 January – 30 June 2006 US$	*1 January – 30 June 2005 US$*
Former Soviet Union	190,454,468	178,810,022
Eastern Europe	140,906,537	130,941,660
Western Europe	45,634,608	45,957,333
Middle East & Africa	37,556,986	25,308,746
Others	11,815,414	12,187,736
Total Revenue	426,368,013	393,205,497

17. Contingencies

As at 30 June 2006 the group was contingently liable in respect of bank guarantees of US$ 4,127,326 which the group extended mainly to vendors as at 30 June 2006.

PART V
ADDITIONAL INFORMATION

1. Incorporation and Status of the Company

1.1 The Company was incorporated and registered as a private limited compnay in Cyprus on 9 November 1995 under the name Asbisc Enterprises Limited with registered number 75069. It changed its name to Asbisc Enterprises Plc on 4 September 2006.

1.2 The registered office of the Company is Diamond Court, 43 Kolonakiou Street, Ayios Athanasios, 4103 Limassol, Cyprus. The Company does not have a place of business in the United Kingdom. The telephone number of the registered office of the Company is 00 357 25 857 101.

1.3 The law applicable to companies in Cyprus is The Companies Law, Cap. 113 as amended.

1.4 The Company is incorporated in Cyprus, has its head office and place of central management in Cyprus and is resident in Cyprus. Accordingly, transactions in Ordinary Shares will not be subject to the provisions of the City Code.

1.5 The ISIN number of the Ordinary Shares is CY1000031710.

1.6 The liability of the members of the Company is limited.

1.7 The Company has been established for the purpose of the trading in and distribution of computer hardware and software.

1.8 The Company is an operating and parent company of the significant subsidiaries set out in paragraphs 1.9 to 1.11 below.

1.9 The Company has 16 significant operating subsidiaries particulars of which are set out below:

Name of Company	*Registered Number*	*Country of Incorporation*	*Ownership*
Limited Liability Company 'ASBIS' Moscow	1027739836761	Russia	100%
ASBIS Bulgaria Limited	4405/1998	Bulgaria	100%
Asbis PL SP ZOO	RHBN 53287	Poland	100%
Asbis Cr-d.o.o	080244644	Croatia	100%
Asbis Romania SRL	J40/5587/1998	Romania	100%
Asbis Europe BV	33261995	Netherlands	100%
Asbis Hungary Commercial LTD	01-09-675100	Hungary	100%
Asbis d.o.o	1273124	Slovenia	100%
Asbis Limited	305940	Ireland	100%
Asbis-Baltik AS	104422558	Estonia	100%
Asbis YU D.o.o	01617198602	Serbia and Montenegro	100%
Asbis ME FZE	00381	United Arab Emirates	100%
Asbis Vilnius	1165864	Lithuania	100%
Asbis CZ SPOL SRO	68431	Czech Republic	100%
Asbis Ukraine Limited	10731200000006092	Ukraine	99.99%*
ISA Hardware Limited	75069	Cyprus	100%

* Mr Yuri Ulasovich, a key employee, holds 0.01% of the share capital of Asbis Ukraine Limited on trust for the Company as local laws require that there must be at least two shareholders.

1.10 In addition, ISA Hardware Limited, a wholly owned subsidiary of the Company, has 7 subsidiaries, particulars of which are set out below:

Name of Company	*Registered Number*	*Country of Incorporation*	*Ownership*
ISA Hardware SRO	101970	Czech Republic	95%*
ISA Hardware DOO	080498210	Croatia	100%
ISA Hardware International SRL	J40/17810/2004	Romania	99.9115%*
ISA Hardware SRO	2080265	Slovenia	100%
ISA Hardware SP ZOO	0000234622	Poland	99.9%**
ISA Hardware d.o.o	20127082	Serbia and Montenegro	100%
Warranty RU LTD	10337713026691	Russia	99%***

*Ms. Maryia Tarhonskaya holds the following shares on trust for ISA Hardware Limited in the companies set out below. In these jurisdictions, at least two shareholders are required.

1. ISA Hardware SRO 5%
2. ISA Hardware International SRL 0.0885%

** Ms. Agnieska Katarzyna Kowalska holds 1 share on trust for ISA Hardware Limited representing 0.01% of the share capital of ISA Hardware SP ZOO

*** Prestigio Cyprus Limited holds 1 share on trust for ISA Hardware Limited representing 1% of the share capital of Warranty RU Ltd.

1.11 There are 7 other members of the Group, details of which are as follows:

Name of Company	*Registered Number*	*Country of Incorporation*	*Ownership*
ISA Hardware Ltd	10731050001001302	Ukraine	Asbis Ukraine Limited 100%
Prestigio Europe SRO	101985	Czech Republic	Prestigio Technologies (Cy) Limited 100%
Prestigio Technologies (Cy) Limited	166866	Cyprus	Ms Maryia Tarhonskaya – 27,170 shares Mr M Siamionau – 2 shares*
Prestigio Ltd	1037739930183	Russia	Prestigio Technologies (Cy) Ltd 100%
Canyon Technology Ltd	732960	Hong Kong	Compitzon Limited – 999 ordinary shares Ms Maryia Tarhonskaya – 1 ordinary share*
Canyon Technology B.V.	11057197	Netherlands	Canyon Technology Ltd 100%
Prestigio Ukraine Limited	34297049	Ukraine	Prestigio Technologies (Cy) Limited 100%

* These shares are held on trust for the Company.

2. Share Capital of the Company

2.1 Upon the incorporation of the Company, the authorised and issued share capital of the Company was C£13,000 divided into 260 ordinary shares of C£50.00 each.

2.2 The Company's authorised and issued share capital has been changed as follows:

(a) on 10 March 1999, the authorised share capital of the Company was increased to C£1,000,000 divided into 20,000 ordinary shares of C£50.00 each by the creation of 19,740 new ordinary shares of C£50.00 each.

(b) on 26 March 1999, the Company issued 19,740 new additional ordinary shares of C£50.00 each.

(c) on 20 September 2001, as a result of the Company becoming a US dollar reporting entity, it converted its share capital from Cypriot pounds into US dollars and its authorised and issued share capital was converted into US$ 1,600,000 divided into 8,000,000 ordinary shares of $0.20 each.

(d) on 6 November 2001, the Company's authorised and issued share capital was sub-divided into US$ 1,600,000 divided into 8,000,000 ordinary shares of $0.20.

(e) on 22 November 2001, the Company's authorised share capital was increased to US$ 8,000,000 divided into 40,000,000 ordinary shares of $0.20 by the creation of 32,000,000 new ordinary shares of $0.20 each.

(f) on 23 November 2001, the Company issued 32,000,000 new ordinary shares of $0.20 each.

(g) on 14 August 2002, the authorised share capital of the Company was increased to US$ 8,960,000 divided into 40,000,000 ordinary shares of $0.20 each and 4,800,000 preference shares of $0.20 each by the creation of 4,800,000 new preference shares of $0.20 each.

(h) on 20 August 2002, the Company issued 4,800,000 preference shares of $0.20 each.

(i) on 4 September 2002, the authorised share capital of the company was increased to US $9,600,000 divided into 40,000,000 ordinary shares of $0.20 each and 8,000,000 preference shares of $0.20 each by the creation of 3,200,000 new preference shares of $0.20 each.

(j) on 9 September 2002, the Company issued 3,200,000 preference shares of $0.20 each.

(k) on 4 September 2006, the Company resolved inter alia to:

i) convert 8,000,000 issued preference shares of US$ 0.20 each into 8,000,000 Ordinary Shares at US$ 0.20 each ranking pari passu with the existing Ordinary Shares of the Company; and

ii) increase the authorised share capital of the Company from US$ 9,600,000 divided into 48,000,000 Ordinary Shares of US$ 0.20 each to US$ 12,600,000 divided into 63,000,000 Ordinary Shares of US$ 0.20 each by the creation of 15,000,000 Ordinary Shares of US$ 0.20 each.

2.3 The issued fully paid share capital of the Company as at the date of this document and immediately following Admission is or will be as follows:

Prior to Admission		*Ordinary shares*	*Following Admission*	
Amount	*Number*	*of US$ 0.20*	*Amount*	*Number*
US $9,600,000	48,000,000		US $9,600,000	48,000,000

None of the capital of the Company has been paid for with assets other than cash within the period covered by the audited financial information contained in Parts III and Part IV of this document.

2.4 There are no other listed or unlisted securities issued by the Company not representing share capital other than as set out above.

2.5 Application for admission to trading on AIM is being made in respect of the Existing Ordinary Shares.

2.6 All of the unissued Ordinary Shares of the Company may be issued by the Board at its absolute discretion.

2.7 No shares are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

2.8 No share or loan capital of the Company or any members of the Group will be under option or will be agreed conditionally or unconditionally to be put under option.

2.9 Conditional upon Admission John Hirst, a Director of the Company, purchased 75,600 Ordinary Shares at a price of 66.137 pence per Ordinary Share from KS Holdings Limited, a company of which Siarhei Kostevitch is the ultimate beneficiary.

3 Constitution

A company in Cyprus is a legal person possessing corporate authority and legal capacity both inside and outside Cyprus.

4 Memorandum of Association

The memorandum of association of the Company provides that the Company's principal object is to carry on the business of the trading in and distribution of computer hardware and software. The objects of the Company are set out in full in paragraph 3 of the memorandum of association.

5 Articles of Association

The current Articles of the Company were adopted on 4 September 2006. The Articles contain, inter alia, provisions which, together with certain provisions of the Law, are summarised below. The summary does not purport to be complete and is qualified in its entirety by the full terms of the Articles and the Law.

Share Capital

The Board has the right, at its absolute discretion, to issue or generally dispose of any shares for the time being unissued and not allotted and any new shares from time to time to be created, to such persons, at such times and under such terms, conditions and restrictions which it deems to be most beneficial to the Company.

Pre-emption Rights

Under the Law, all new shares in the Company issued in consideration of cash must be offered in the first instance to the Members on a date certain as determined by the Directors and in proportion to their participation in the share capital of the Company. Each member will have no less than 14 days following its receipt of the notice of the offer, which notice will identify the proposed terms and conditions of the offer, to notify the Company of its desire to exercise its pre-emption right on the same terms and conditions proposed in the notice. The Company may by ordinary resolution of a general meeting, before the issue of such new shares, disapply the Members' pre-emption rights as to the issue of such new shares.

Voting Rights

Subject to any rights or restrictions attaching to any class of shares, at meetings and vote in person or by proxy or attorney and, where the member is a body corporate, by representative. On a show of hands every member present having the right to vote at the meeting has one vote. On a poll every member present has one vote for each fully paid share.

No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

Alteration in Capital

(i) The Company may from time to time by ordinary resolution:

a) increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;

b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

c) subdivide its existing shares, or any of them, into shares of smaller amount subject to the provisions of section 60(1)(d) of the Law;

d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

(ii) The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent, required by Law.

Capitalisation of Profits

In accordance with the provisions of the Articles, the Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution, amongst the Members.

Purchase of own shares

Subject to the Law and to any rights attached to any shares, the Company may purchase, or enter into a contract under which it will or may purchase, any of its own shares of any class by way of a special resolution which resolution must specify the terms, the manner and the maximum number of shares to be acquired.

The total nominal value of the shares held at any one time by the Company must not exceed 10% of the Company's issued share capital nor the amount representing 25% of the average value of the price of the Company's shares for the 30 days preceding such purchase.

The consideration for acquiring the shares must be paid out of undistributed profits. The shares cannot be held by the Company for more than a period of two years commencing on the date of such purchase. Any shares so purchased shall have its voting and dividend rights suspended.

Variation of Class Rights

The rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Transfer of Shares

Any Member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form, including electronic form, which the Directors may approve.

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Board of Directors refuses to register shall be returned to the person lodging it when notice of the refusal is given.

The Directors may, in their absolute discretion, refuse to register any transfer of shares or other securities where permitted to do so by the Law or which are not fully paid or on which the Company has a lien. The Directors must refuse to register any transfer of shares or other securities when required by the Law. If the Directors decline to register a transfer, the Company must within 2 months after the date of lodgment of such transfer give to the lodging party written notice of the refusal and the reasons for it.

The Articles shall not preclude any share or other security of the Company from being issued, held, registered, converted, transferred or otherwise dealt with in uncertificated form via CREST in accordance with the Uncertificated Securities Regulations.

In relation to any share or other security which is in uncertificated form, these Regulations shall have effect subject to the following provisions:-

a) the Company shall not be obliged to issue a certificate evidencing title to shares and all references to a certificate in respect of any shares or securities held in uncertificated form in these Regulations shall be deemed inapplicable to such shares or securities which are in uncertificated form;

b) the registration of title to and transfer of any shares or securities in uncertificated form shall be sufficient for its purposes and shall not require a written instrument of transfer;

Lien on shares

The Company shall have a first and paramount lien on every share for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share, and the

Company shall also have a first and paramount lien on all shares standing registered in the name of a single person for all monies presently payable by him or his estate to the Company; but the Directors may at any time declare any share to be wholly or in part exempt from the provision. The Company's lien , if any, on a share shall extend to all dividends payable thereon.

Dividends

The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividend shall be paid otherwise than out of profits. No dividend shall bear interest against the Company. Any dividend unclaimed after a period of twelve (12) years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

General Meeting

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Notice

An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty one days' notice in writing at the least, and all other meetings shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business and shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meetings to such persons as are, under the Articles entitled to receive such notices from the Company.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice, shall not invalidate the proceedings at that meeting.

Board of Directors

Unless determined by ordinary resolution the number of directors shall be not less than three Directors and there shall be no maximum number of Directors.

Subject to these Articles, the Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Directors, subject to the total number of Directors not exceeding any maximum number fixed by or in accordance with these Articles.

A resolution for the appointment of two or more persons as Directors by a single resolution at a general meeting shall be void unless an ordinary resolution that the resolution for appointment be proposed in such way has first been agreed to by the meeting without any vote being given against it.

Rotational retirement at annual general meeting

At each annual general meeting one-third of the Directors who are subject to retirement by rotation or, if their number is not three nor a multiple of three, the number nearest to but not exceeding one-third, shall retire from office. If there are fewer than three Directors who are subject to retirement by rotation, one of them shall retire from office at the annual general meeting. A retiring Director shall be eligible for re-election.

Removal by ordinary resolution

The Company may by ordinary resolution remove any Director before the expiration of his period of office, but without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company and by ordinary resolution appoint another person who is willing to act to be a Director in his place (subject to the Articles).

Vacation of Director's office

No director shall be required to vacate his office as a director on or by reason of his attaining or having attained the age of seventy and any director retiring or liable to retire under the provisions of the Articles and any person proposed to be appointed a director shall be capable of being re-appointed or appointed, as the case may be as director notwithstanding that at the time of such re-appointment or appointment he attained the age of seventy.

Proceedings of Directors

The Directors may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit and questions arising at any meeting will be decided by a simple majority of votes of all the Directors present, whether voting or not. In case of an equality of votes, the Chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors. It shall be necessary to give a 96 hour notice of a meeting, including a telephone conference of Directors to any Director for the time being absent from Cyprus who has supplied to the Company a registered address situated outside Cyprus.

Quorum

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed, the quorum shall be three Directors present in person or through their alternates.

The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company but for no other purpose.

Chairman of the Board

The Board of Directors may appoint one of their number to be the chairman, and one of their number to be the deputy chairman, of the Board of Directors and may at any time remove either of them from such office. Unless he is unwilling to do so, the Director appointed as chairman, or in his stead the Director appointed as deputy chairman, shall preside at every meeting of the Board of Directors at which he is present. If there is no Director holding either of those offices, or if neither the chairman nor the deputy chairman is willing to preside or neither of them is present within five minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting.

Directors' interests and interested Director voting and quorum

Subject to the provisions of the Laws and provided that such interests are disclosed in accordance with the Articles, no director shall be disqualified by his office for contracting with the Company or entering into an arrangement with the Company in which any director is in any way directly or indirectly interested be liable to be avoided.

A director shall be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any such office or place of profit under the Company or at which the terms of any such appointment are arranged, and each of the Directors concerned will be entitled to vote and be counted in the quorum except as regards his own appointment.

Directors Remuneration

The remuneration of the Directors will from time to time be determined by the Company in general meeting on the recommendation of the remuneration committee. Any Director performing special or extraordinary services in the conduct of the Company's business or in discharge of his duties as Director, or who travels or resides abroad in discharge of his duties as Director may be paid such extra remuneration as determined by the Directors, upon recommendation by the remuneration committee.

Shareholding Qualification

The shareholding qualification for Directors may be fixed by the Company in general meeting, and unless and until so fixed no qualification shall be required.

Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money, and to charge or mortgage its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Indemnity

Subject to the provisions of the Law, the Directors, executive officer, company secretary and full time employees of the Company are indemnified by the Company against any liabilities incurred by that person in his or her capacity as an officer of the Company which includes defending any proceedings (whether civil or criminal) in which judgment is given in the person's favour or in which the person is acquitted or in connection with an application in relation to such proceedings in which the Court grants relief to the person under the Law.

Winding Up

If the Company is wound up and the assets available for distribution are of an amount insufficient to repay the whole of the paid up capital, the assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively.

If, in a winding up, the assets available for distribution among the members are more than that required to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively.

Takeover offers and compulsory acquisition

In general terms, any person that acquires securities representing 30 per cent. or more of the Company's voting power must make a cash offer for the remaining shares in the Company at not less than the highest price he has paid for such shares within the preceding 12 months. Also, any person that holds securities representing between 30 per cent. and 50 per cent. of the Company's voting power and then acquires additional securities must make such a mandatory offer for the remaining shares in the Company. The shareholdings of shareholders who act in concert are looked at individually and separately in determining whether the 30 per cent. threshold has been reached or whether a shareholding between 30 per cent. and 50 per cent. has been increased as a result of accruing additional shares.

In addition, where a person (an "offeror") makes an offer (including a mandatory offer as described above) for the entire issued share capital of the Company and, by virtue of acceptances, purchases or contracts to purchase shares amounting (in aggregate) to 90 per cent. of the shares to which the offer relates (excluding shares already held by the offeror or its concert parties), the offeror is entitled to require that any remaining shares subject to the offer be sold to him on the same terms. Certain time limits apply.

6. Directors' and Other Interests

6.1 The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and of persons connected with them in the Existing Ordinary Shares as at the date of this document and as expected to be immediately following Admission are as follows:

	Prior to Admission		*Following Admission*	
Name	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Number of Ordinary Shares*	*Percentage of issued share capital*
Siarhei Kostevitch*	25,676,361	53.49	25,676,361	53.49
Marios Christou	400,000	0.83	400,000	0.83
Veronique Holbrook	421,940	0.88	421,940	0.88
Laurent Journoud	400,000	0.83	400,000	0.83
Paul Swigart	—	—	—	—
John Hirst	75,600	0.16	75,600	0.16

* Siarhei Kostevitch is the beneficial owner of the 25,676,361 Ordinary Shares in the Company held through KS Holdings Limited.

6.2 Save as disclosed in paragraph 6.1 above or in the table below, the Directors are not aware of any interest in the Ordinary Shares which, immediately following Admission, would amount to three per cent or more of the Existing Ordinary Shares nor, so far as the Directors are aware, are there any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company:

	Prior to Admission		*Following Admission*	
Name	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Number of Ordinary Shares*	*Percentage of issued share capital*
Sangita Enterprises Limited	2,800,000	5.83	2,800,000	5.83
Richard Coasby	1,600,000	3.33	1,600,000	3.33
Black Sea Fund	4,800,000	10.00	4,800,000	10.00
Alpha Equity	3,200,000	6.66	3,200,000	6.66

6.3 The persons including the Directors referred to in paragraphs 6.1 and 6.2 above do not have voting rights in respect of share capital of the Company (issued or to be issued) which differ from any other Shareholder.

7. Directors' Service Agreements, Letters of Appointment and Remuneration

7.1 On 18 October 2006 Siarhei Kostevitch entered into a service agreement with the Company which provides for him to act as Chief Executive Officer for a salary of US$ 180,000 per annum which may be terminated by either party giving not less than 12 months' notice at any time.

Siarhei Kostevitch is entitled to a management bonus of up to US$ 3,000 per quarter payable at the Company's discretion subject to certain performance criteria being achieved.

Siarhei Kostevitch is also entitled to receive, at the Company's discretion, a maximum bonus payable quarterly of an amount representing 1.375 per cent. of the Company's consolidated net profit if 110 per cent. of the consolidated net profit target, as established by the Company from time to time, is achieved.

Siarhei Kostevitch is also entitled to a monthly travel allowance for travel in Cyprus of C£500.

7.2 On 18 October 2006 Marios Christou entered into a service agreement with the Company which provides for him to act as Chief Finance Officer for a salary of C£38,506 per annum which may be terminated by either party giving not less than 12 months' notice at any time.

Marios Christou is entitled to a management bonus of C£1,500 per quarter payable at the Company's discretion subject to certain performance criteria being achieved.

Marios Christou is also entitled to receive, at the Company's discretion, a maximum bonus payable quarterly of C£4,500 on the basis that 100 per cent. of the Company's consolidated net profit target as established by the Company from time to time is achieved.

He is also entitled to a monthly travel allowance of C£50.

7.3 On 18 October 2006 Veronique Holbrook entered into a service agreement with the Company which provides for her to act as Executive Vice President, Logistics and Customer Services for a salary of US$ 120,000 per annum which may be terminated by either party giving not less than 6 months' notice at any time.

Veronique Holbrook is entitled to a management bonus of up to US$ 2,000 per quarter payable at the Company's discretion subject to certain performance criteria being achieved.

Veronique Holbrook is also entitled to receive, at the Company's discretion, a maximum bonus payable quarterly of an amount representing 0.88 per cent. of the Company's consolidated net profit if 110 per cent. of the consolidated net profit target as established by the Company from time to time is achieved. If the consolidated net profit is less then 70 per cent. of the target, no bonus will be payable.

She is also entitled to a monthly accommodation allowance C£800 during her residence in Cyprus.

7.4 On 18 October 2006 Laurent Journoud entered into a service agreement with the Company which provides for him to act as Executive Vice President, Sales and Marketing for a salary of €120,000 per annum which may be terminated by either party giving not less than 12 months' notice at any time.

Laurent Journoud is also entitled to receive, subject to the Company's discretion, a bonus based on gross profit of up to US$ 11,000 on the basis that 110 per cent. of the gross profit target as established by the Company from time to time is achieved. If the gross profit is less then 70 per cent. of the target, no bonus will be payable.

He is also entitled to a monthly accommodation allowance of C£600 during his residence in Cyprus.

7.5 On 1 June 2006 Paul Swigart entered into a four month advisory contract with the Company in respect of Mr Swigart providing his services to facilitate a listing on AIM. Pursuant to this contract Mr Swigart was paid £20,000 for his services. This agreement was terminated at the end of September 2006.

7.6 On 18 October 2006 Paul Swigart entered into a letter of appointment with the Company to act as non-executive Director for a fee of £23,000 per annum for an initial term of 12 months conditional upon Admission. The appointment may be terminated by either party giving not less than three months' notice at any time after the initial period.

7.7 On 18 October 2006 John Hirst entered into a letter of appointment with the Company to act as non-executive Chairman for a fee of £35,000 per annum for an initial term of 12 months conditional upon Admission. The appointment may be terminated by either party giving not less than three months' notice at any time after the initial period.

7.8 Save as disclosed above, there are no service contracts in existence between any Director and the Company or any company in the Group which cannot be terminated by the relevant Company without payment of compensation (other than statutory compensation) within one year and none of the service contracts referred to in this paragraph have been amended in the last six months.

7.9 The key employees have entered into the following employment contracts with the Company.

(a) On 1 January 2006 Costas Tziamalis entered into an employment agreement with the Company pursuant to which, Costas Tziamalis was appointed Corporate Credit Control Manager. The agreement shall terminate on 31 December 2006, unless renewed for a further year on the basis that neither party terminates the agreement pursuant to the following termination provision: either party giving the other two months' prior written notice or by the Company paying to Costas Tziamalis two months' salary in lieu of notice together with any bonus that he may be entitled to.

The agreement provides that Costas Tziamalis is paid a monthly salary of C£1300 in arrears and is entitled, at the Company's discretion, to a monthly management bonus of up to C£600 (payable quarterly). The bonus is based on the extent to which up to three objectives are achieved, which is determined by Marios Christou within 15 days of the quarter end. It is calculated on the following basis: C£600 multiplied by the percentage of e.g. objective 1 that has been achieved, plus C£600 multiplied by the percentage of e.g. objective 2 that has been achieved divided by the number of objectives per quarter.

Costas Tziamalis is also entitled, at the Company's discretion, to a maximum bonus payable quarterly of C£1,500 based on the Company's consolidated net profit if 100 per cent. of the consolidated net profit target as established by the Company from time to time is achieved.

Costas Tziamalis and his family are entitled to health insurance cover through the Group's medical insurance policy.

(b) On 1 January 2006 Maryia Tarhonskaya entered into an employment agreement with the Company pursuant to which, Maryia Tarhonskaya was appointed Finance Control Administration Director. The agreement shall terminate on 31 December 2006, unless renewed for a further year on the basis that neither party terminates the agreement pursuant to the following termination provision: either party giving the other two months' prior written notice or by the Company paying to Maryia Tarhonskaya two months' salary in lieu of notice together with any bonus that he may be entitled to.

The agreement provides that Maryia Tarhonskaya is paid a monthly salary of US$ 3500 in arrears and is entitled, at the Company's discretion, to a monthly bonus of up to US$ 1000 (payable quarterly). The bonus is based on the extent to which up to three objectives are achieved, which is determined by Siarhei Kostevitch within 15 days of the quarter end. It is calculated on the following basis: US$ 1000 multiplied by the percentage of e.g. objective 1 that has been achieved, plus US$ 1000 multiplied by the percentage of e.g. objective 2 that has been achieved divided by the number of objectives per quarter.

Maryia Tarhonskaya is also entitled to company car as well as, together with her family, they are entitled to health insurance cover through the Group's medical insurance policy.

(c) On 15 November 2004 Yuri Antoshkin entered into an employment agreement with the Company pursuant to which, Yuri Antoshkin was appointed product line manager. The agreement shall terminate on 15 November 2006, unless renewed for a further year on the basis that neither party terminates the agreement pursuant to the following termination provision: either party giving the other two months' prior written notice or by the Company paying to Yuri Antoshkin two months' salary in lieu of notice together with any bonus that he may be entitled to.

The agreement provides that Yuri Antoshkin is paid a monthly salary of US$ 4000 in arrears and is entitled, at the Company's discretion, to a monthly bonus of up to US$ 1000 (payable quarterly). The bonus is based on the extent to which up to three objectives are achieved, which is determined by Siarhei Kostevitch within 15 days of the quarter end. It is calculated on the following basis: US$ 1000 multiplied by the percentage of e.g. objective 1 that has been achieved, plus US$ 1000 multiplied by the percentage of e.g. objective 2 that has been achieved divided by the number of objectives per quarter.

Yuri Antoshkin is also entitled to a monthly accommodation allowance during his residence in Cyprus of C£300 and was entitled to a relocation allowance of US$ 8000.

Yuri Antoshkin and his family are entitled to health insurance cover through the Group's medical insurance policy.

(d) On 1 January 2006 Yuri Ulasovich entered into an employment agreement with the Company dated 1 January 2006, pursuant to which Yuri Ulasovich was appointed Vice President Product Marketing. The agreement shall terminate on 31 December 2006, unless renewed for a further year on the basis that neither party terminates the agreement pursuant to the following termination provision: either party giving the other two months' prior written notice or by the Company paying to Yuri Ulasovich two months' salary in lieu of notice together with any bonus that he may be entitled to.

The agreement as amended provides that Yuri Ulasovich is paid a monthly salary of EUR8000 in arrears as on 1 May 2006.

Yuri Ulasovich and his family are entitled to health insurance cover through the Group's medical insurance policy.

8. Additional Information on the Directors

8.1 In addition to directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

Name	*Current directorships or partnerships*	*Past directorships or partnerships*
Siarhei Kostevitch	KS Holdings Limited	—
Marios Christou	Asbis Romania SRL Asbis Morocco SARL Asbis Nordic	—
Veronique Holbrook	Holbrook Associates Limited	Seagate Technology Ltd
Laurent Journoud	—	Ingram Micro Europe
Paul Swigart	Steep Rock Capital LLP	United Financial Group UFG (UK) Limited Scudder Kemper
John Hirst	Hammerson Plc	Premier Farnell Plc Farnell Electronic Components Pty Limited Farnell Danmark AS Premier Farnell (France) SAS Premier Farnell Asia Pte Limited Farnell Components Pte Limited Farnell Components (M) SDN BHD Farnell Components SL

8.2 Save as disclosed in sub-paragraph 8.1 above none of the Directors has:

8.2.1 any unspent convictions in relation to indictable offences;

8.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

8.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement, or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

8.2.4 been a partner in any partnership which has been placed in compulsory liquidation administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

8.2.5 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

8.2.6 been publicly criticised by any statutory or regulatory authority (including recognized professional bodies); or

8.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

8.3 Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.

Siarhei Kostevitch is the 82 per cent. shareholder of E-Vision Limited, a company which provides the platform for the Company's online marketplace and back office systems. The balance of the share capital of E-Vision is held by the Company. Further details of the agreement between the Company and E-Vision set out in paragraph 10.6 below.

8.4 No loan has been made to, nor guarantee provided for the benefit of, any Director by the Company.

9. Share Option Plan

The Directors have adopted a Share Option Plan for use in implementing future incentive arrangements.

9.1 *Eligibility*

All employees and self-employed consultants (including the Executive Directors) will be eligible to be granted options under the Share Option Plan at the discretion of the Remuneration Committee.

9.2 *Individual limits*

The maximum number of value of Ordinary Shares over which options may be granted to an eligible person will be limited so that their aggregate holding of Ordinary Shares does not exceed 2.9 per cent. of the Company's issued share capital.

9.3 *Plan limits*

Options may be granted over existing or unissued Ordinary Shares. No option may be granted under the Share Option Plan if it would cause the number of Options granted by the Company to exceed 5 per cent. of the Company's issued share capital at the proposed date of grant.

9.4 *Grant of options*

Options may be granted at any time in the discretion of the Remuneration Committee.

9.5 Performance conditions

Options may be granted or become exercisable subject to a performance condition imposed by the Remuneration Committee.

9.6 *Exercise of options*

Options will entitle the option holder to acquire Ordinary Shares at a price per Ordinary Share determined by the Remuneration Committee which will not exceed the market price.

Options may normally be exercised up to the tenth anniversary of the date of grant, as to no more than 33.3 per cent. per annum at the end of which period they will lapse.

If an optionholder leaves the employment or consultancy of the Company before the end of the performance period, for cause, his options will normally lapse.

In the event of a participant's death, the participant's personal representatives may exercise the participant's options within 6 months following death whether or not the performance condition has been met.

In the event of a takeover, merger, reconstruction or amalgamation, demerger or voluntary winding-up of the Company, options may be exercised early to the extent that, unless the Remuneration Committee determines otherwise, performance conditions are satisfied at the date of the relevant event.

9.7 *Adjustment of options*

In the event of any rights or capitalisation issue, sub-division or consolidation, reduction or other variation of its share capital or implementation by the Company of a demerger, the Remuneration Committee may adjust the number of Ordinary Shares subject to options and the exercise price payable for the exercise of options.

9.8 *General*

The Share Option Plan may be operated in conjunction with an employee trust or another discretionary trust established by any member of the Group, although it is currently not intended to do so.

Options are not transferable and may only be exercised by the persons to whom they were granted or their personal representatives. No amount is payable for the grant of an option.

Benefits under the Share Option Plan are not pensionable.

Rights attaching to Ordinary Shares allotted or transferred under the Share Option Plan will rank *pari passu* with shares of the same class then in issue (except in respect of entitlements arising prior to the date of exercise). The Company will apply to the London Stock Exchange for listing of any newly issued Ordinary Shares.

The Remuneration Committee may amend the Share Option Plan. However, the provisions governing eligibility requirements, equity dilution, individual participation limits and the adjustments that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of eligible persons or optionholder without the prior approval of shareholders in general meeting (except for minor amendments to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment or to benefit administration).

The Remuneration Committee may adopt appendices to the Share Option Plan without shareholder approval to take account of tax, exchange control or securities laws which apply to eligible persons.

10. Material contracts

The following contracts have been entered into by the Company within the two years immediately preceding the date of this document and are, or may be, material or are contracts which contain provisions under which a member of the Group has an obligation or entitlement which is material to the Group at the date of this document.

10.1 *Introduction Agreement*

The Company, the Directors and Seymour Pierce have entered into an introduction agreement ("Introduction Agreement") dated 18 October 2006.

Under the Introduction Agreement, which is subject to satisfaction of certain conditions, the Company has agreed to pay Seymour Pierce a corporate finance fee of £200,000 (plus VAT) payable on Admission. The Company has also agreed to pay all other expenses of or incidental to the Introduction.

The Introduction Agreement contains warranties given to Seymour Pierce by the Company and the Directors as to, inter alia, the accuracy of the information contained in this document and other matters relating to the Company and its business. In addition, the Company and the Directors have given an indemnity in respect of claims arising in connection with this document and certain other matters.

Seymour Pierce is entitled to terminate the Introduction Agreement in specified circumstances prior to Admission, principally in the event of a breach of the Introduction Agreement which breach is material in the context of the Introduction, or any breach of the warranties contained in it which breach is material in the context of the Introduction or, if at any time prior to Admission, becoming effective, there shall occur, develop or come into effect any fundamental change which makes it impracticable or inadvisable to proceed with the Introduction and allow Admission to become effective.

10.2 *Nominated Adviser Agreement*

On 18 October 2006, the Company entered into a nominated adviser agreement with Seymour Pierce (the "Nominated Adviser Agreement") pursuant to which the Company appointed Seymour Pierce to act as its Nominated Adviser for the purposes of the AIM Rules in respect of the Admission and for a period of twelve months following Admission.

Seymour Pierce has further undertaken to provide its services as nominated adviser to the Company on an ongoing basis following Admission in return for an annual fee of £25,000 (plus VAT where applicable) payable in four equal instalments, the first tranche of which shall be payable upon Admission. The Nominated Adviser Agreement contains certain indemnities granted by the Company in favour of Seymour Pierce. The agreement may be terminated by wither party giving to the other not less than three months' notice in writing after the first anniversary of the date of the agreement.

10.3 *Broker Agreement*

On 18 October 2006, the Company entered into a broker agreement with Seymour Pierce (the "Broker Agreement") pursuant to which the Company appointed Seymour Pierce to act as its Broker for the purposes of the AIM Rules in respect of the Admission and for a period of six months following Admission.

Seymour Pierce has further undertaken to provide its services as nominated adviser and broker to the Company on an ongoing basis following Admission in return for an annual fee of £25,000 (plus VAT where applicable), payable in four equal instalments, the first tranche of which shall be payable upon Admission. The Broker Agreement contains certain indemnities granted by the Company in favour of Seymour Pierce. The agreement may be terminated by either party giving to the other not less than three months' notice in writing after the six months from the date of the agreement.

10.4 *Lock-In Agreement*

The Directors, excluding Paul Swigart, and Seymour Pierce have agreed that they will not at any time in the period ending 12 months after the date of Admission:

a) sell (and to use their reasonable endeavours to procure that their Associates (within the meaning of the AIM Rules) will not sell) or otherwise dispose of Ordinary Shares held by them following Admission for a period of 12 months after Admission; and

b) only to dispose (and to use their reasonable endeavours to procure that their Associates (within the meaning of the AIM Rules) will only dispose) of Ordinary Shares through Seymour Pierce either for the period of 12 months following the period referred to in paragraph (a) above.

10.5 *Cyprus Headquarters*

The Company has entered into an agreement with Diamond Properties Limited ("the Vendor") dated 25 October 2001 pursuant to which the Company agreed to purchase the first floor of building to be erected on the land as stipulated by the agreement together with 22 car parking spaces. The aggregate purchase price was CY£674,167 which was secured by a mortgage on 25 per cent. of the land upon which the building was erected.

Pursuant to the agreement, the Vendors undertake to apply for a separate title deed for the property purchased by the Company and to transfer such title into the name of the Company. The title deeds are being transferred from the Vendor's name into the Company's name and this agreement has been lodged with the Cyprus Land Registry for specific performance. The title deeds are to be transferred upon the relevant authority granting the Vendor a certificate of final approval in respect of the building.

The agreement provides that in the event that such transfer is refused, that this agreement shall be converted into a lease agreement in respect of the property for a period of 20 years without any additional payment by the Company.

10.6 *E-Vision Licence*

Each of the Company, ISA Hardware Limited and Prestigio Cyprus (the "Parties") have entered into separate Master Integrated Product and Services agreements with E-Vision Limited ("E-Vision") dated 2 January 2006 for the supply of E-Vision products, product support services, hosting services and professional services, specifically the IT4Profit software in respect of which E-Vision granted a licence to the Parties.

Under the terms of each agreement the Parties fill out a project schedule stating which products it requires from E-Vision. Each of these project schedules are then executed accordingly.

The Parties each pay a licence fee to E-vision in return for which E-Vision, apart from supplying the products, provides support, hosting and professional services. Not all of these services are covered by the licence fee and some may require an additional fee to be paid. The amount of the fee payable is not specified.

Each of the agreements does not have a definitive date of termination. They will continue for as long as the Parties continue to pay the periodic licence fees. Either party has the right under each of the agreements to terminate each respective agreement by written mutual consent.

E-Vision may terminate each of the agreements in the event of a transfer or assignment or if the Parties grant any licence without the prior consent of E-Vision. Each of the agreements also terminate if the party to each respective agreement becomes insolvent, fails to make any payment due or fails to perform the terms and conditions, provided such failure is not cured within 30 days after written notice from E-Vision.

The Parties may terminate their respective agreement by giving written notice to E-Vision in the event that E-Vision fails to perform any of its obligations which are fundamental to the respective agreement provided such failure is not cured within 30 days after notice received by E-Vision.

10.7 *Banking Facilities*

The facilities set out below and entered into by the Company and its subsidiaries in Poland, Slovakia and Czech Republic amount to more than 70 per cent. in aggregate value of the Group's banking facilities:

a) The Company has entered into the following agreements with the Cyrpus Development Bank:

(i) a facility agreement dated 30 November 2004 which was amended pursuant to an amendment agreement dated on 9 May 2006, extending the termination of such facility and repayment of any loans under it to 31 January 2007 (the "CDB Facility").

The CDB Facility granted is for a total amount of US$ 1,000,000. Pursuant to the terms of the facility, interest on advances is calculated biannually at a rate per annum calculated by taking the aggregate of 2.25 per cent. p.a. and the 6-month US LIBOR rate.

The agreement provides that prior to the disbursement of the first advance the Company is required to open a three months' notice deposit account with CDB. Concurrently with each advance, the Company is required to pay US$ 500,000 out of the proceeds of the advance, such that for the duration of the facility, the total deposits in the account are at least US$ 500,000.

During the life of the CDB Facility the Company may not pay any dividends to its shareholders. The Company should submit to CDB, every quarter and upon request, management accounts and a schedule of outstanding balances with other banking institutions and a proportion of the Company's retained earnings should be capitalised to the satisfaction of CDB.

Pursuant to the CDB Facility, the Company submitted audited financial statements to the CDB at the end of July 2006.

The CDB Facility is secured by a second floating charge dated 8 November 2002 over the Company's undertaking for the amount of US$ 2,000,000 plus interest and costs.

The CDB Facility is also secured by the cash deposit referred to above, a personal guarantee of Siarhei Kostevitch for US$ 2,000,000 plus interest and by a general preferential lien and right of set off on amounts, instruments and assets in the possession, custody and control of CDB provided for in the CDB Facility.

(ii) a letter agreement in respect for the opening of documentary credits and/or the issuing of guarantees dated 28 February 2005 pursuant to which the Company was granted a US$ 400,000 facility which limit was increased to US$ 600,000 pursuant to an amendment agreement dated 9 May 2006.

The term of the agreement was valid for one year and may be renewed at the Company's request and subject to CBD's discretion. Such facility is repayable on demand and shall bear interest at a floating rate set by the DBD form time to time, being the aggregate of 3 months LIBOR or 3 months Euribor or the Bank's Base Rate for Cyprus Pounds as the case may be and a percentage margin per annum which is currently set at 2.25 per cent. per annum.

In addition to the security taken by CDB in paragraph (i) above, and to the security taken in respect of the current account of the Company with the Bank as set out in the agreement, this facility is secured by a personal guarantee granted by Siarhei Kostevitch to CDB for a total amount of US$ 600,000 plus interest.

(iii) two overdraft facility agreements dated 30 November 2004 which were amended and renewed pursuant to letters dated 9 May 2006, pursuant to which the Company renewed its overdraft facilities in respect of €285,425 and US$ 650,000 respectively. Each of these facilities have been secured by a floating rate of interest based on six-months Euribor and a margin of 2.25 per cent. together with security over the accounts of the Company set out in the letter. The renewed facility shall be repayable on demand or on 31 January 2007, whichever is the earlier, unless it is renewed subject to the Bank's discretion.

b) The Company entered into a multi-option facility with Barclays Bank Plc dated 13 July 2006 (the "Barclays Facility") as amended by a letter dated 25 August 2006. The facility granted provides the Company with funding by two options, either by overdraft in US dollars and/or optional currency (the "Overdraft Facility") or in bonds, guarantees and indemnities in US dollars and/or any optional currency.

The Barclays Facility has a maximum usage of US$ 2,750,000.

The Barclays Facility has been provided as to US$ 1,250,000 on an uncommitted basis. The bank may, by notifying the Company, unconditionally cancel the Barclays Facility at any time. However, the facility letter setting out the terms of the Barclays Facility states that he bank intends to make the Barclays Facility available to the Company until 22 May 2007 and that the arrangement will be reviewed shortly before that date of expiry.

A term facility in the amount of US$ 1,500,000 has been committed and available for drawing until 17 October 2006 after which the commitment will lapse. The final date for repayment of this term loan is 31 August 2008.

The Company has to pay the bank a one off arrangement fee of US$ 5,500 for the Barclays Facility.

Under the terms of the Barclays Facility the Company has agreed to reimburse the bank on demand on a full indemnity basis for all reasonable costs and expenses incurred in making the Barclays Facility available and undertake, as part of the conditions precedent, to provide various documents to the bank including a guarantee from Siarhei Kostevitch.

The Barclays Facility is secured by a first legal mortgage of US$ 1,800,000 plus interest over a quarter of the value of the Company's headquarters in Cyprus.

c) The Company, by agreement in writing dated 8 August 2006, has further extended an existing facility it has with BNP Paribas Cyprus Limited ("BNP").

BNP has granted to the Company a multi-purpose facility for a maximum total amount of US$ 5,000,000 (the "BNP Facility") which may be utilized interchangeably as an overdraft facility for working capital (the "BNP Overdraft") and for the issuance of letters of guarantees in favour of the Company's suppliers. The facilities are committed and mature on 31 October 2007 unless renewed subject to BNP's discretion.

Pursuant to this agreement, the Company pays the following fees: an arrangement fee of US $15,000 representing 0.3% of the facility; interest of 2.5 per cent. over BNP's standard base rate in respect of the overdraft facility; an issuance commission of 1.25 per cent. per annum in respect of the letters of guarantee issued by the Company; and a management file fee of US$ 2,000.

The BNP Facility is secured by a first priority floating charge registered on 24 February 2006 for US$ 4,000,000 over the assets and goodwill of the Company as a continuing security for the Company's obligations under the BNP Facility.

By way of security and pursuant to the terms of the BNP Facility, the Company's US$ 2,000,000 deposit with BNP has been pledged to BNP and the Company has provided an undertaking granting BNP security over the goods in their warehouses. Siarhei Kostevitch has also provided BNP with a personal guarantee for up to US$ 2,000,000

The Company has also covenanted that its current account shall be in credit at least once a month. It has also undertaken and covenanted that its average monthly turnover of the accounts of both the Company and ISA Hardware Ltd with the BNP, on a sliding period of 12 months, shall not be less than US$ 25,000,000 over twelve months or less than US$ 20,000,000 in any single month.

The Company has also undertaken to BNP that it shall maintain a shareholders' equity at all times higher than 25 per cent. of the total assets of the Company.

Pursuant to the agreement, the Company must not obtain any other facilities over the amount of US$ 50,000 (or equivalent in other currencies) without first informing BNP in writing.

The BNP Overdraft is repayable upon written demand by BNP who may also terminate the BNP Facility and demand immediate repayment if the Company defaults in any way, including failure to pay, failure to perform any of its obligations, giving any misleading information, ceasing to trade or defaulting in respect of other loans.

d) The Company entered into a credit facility agreement dated 3 July 2006 with Raiffeisen Zentralbank Österreich Aktiengesellschaft for US$ 2,000,000 (the "Raiffeisen Facility").

The Company pays an annual fee of one percent of the undrawn portion of the Raiffeisen Facility.

As part of the Company's obligations under the agreement, it must route at least US$ 10,000,000 per month via its accounts held with Raiffeisen.

The agreement is for a period of one year at which point the full amount of the facility is repayable.

The Raiffeisen Facility is secured by a guarantee from ISA Hardware Ltd and by a transfer to the bank of the Company's rights and ownership of all equipment, material and inventory supplied to the Company by Intel, Hitachi and Seagate as located in the Company's warehouse in the Czech Republic. The Company must ensure that the aggregate value of the goods in the warehouse does not at any time fall below US$ 4,000,000.

e) ASBIS PL Spol. z.o.o. ("Client") entered into a factoring agreement with ING Commercial Finance S.A. (formerly known as Handlowy-Heller SA) ("Factor") dated 20 March 2001 and amended 27 July 2006.

Pursuant to this agreement, the Factor effects payment in favour of the Client for purchased receivables at an amount equivalent to 85 per cent. of the face value of the invoice. As of 24 May 2006, the Factor charges a commission rate under the servicing receivables of 0.32 per cent. of the gross value of invoices submitted and 0.29 per cent. on invoices submitted the Factor electronically. The minimum annual commission is 115,000 zlotys. The remaining 10 per cent. of the invoiced amount shall be disbursed upon receipt of payment of the debtors. The total value of the Factor's commitment by virtue of acquisition of receivables must not exceed 10,000,000 Polish zlotys.

f) Asbis Poland has also entered into a Factoring ASBIS PL Spol. z.o.o. ("Client") entered into a factoring agreement with Raiffeisen Bank Polska Spólka Akcyjna ("Bank") dated 5 November 2003 and amended 24 March 2006.

Pursuant to the agreement, the Bank effects payment in favour of the Client for purchased receivables at an amount equivalent to 90 per cent. of the face value of the invoice, to be deducted by a discount, according to the WIBOR rate corresponding to the period of a discount made, plus an annual margin of 1.7 per cent. and a factoring commission. The remaining 10 per cent. of the invoiced amount shall be disbursed upon receipt of payment of the debtors. The total value of the Bank's commitment by virtue of acquisition of receivables must not exceed 7,000,000 Polish zlotys.

Each party may terminate the agreement on one month's notice, subject to satisfying outstanding obligations under the agreement.

g) ISA Hardware Sp Zoo ("Client") into a factoring agreement on 9 December 2005 between with Raiffeisen Bank Polska S.A. in Warsaw for purchasing of ISA Poland's receivables which has subsequently been amended by annex on 24 March 2006.

Under the agreement, the Bank effects payment in favour of the Client for purchased receivables at an amount equivalent to 85 per cent. of the face value of the invoice, decreased by the value of the discount rate calculated based on the WIBOR rate plus a 1.3 per cent. margin per annum and the factoring commission. The remaining 15 per cent. of the invoiced amount shall be disbursed upon receipt of payment of the debtors. The total value of the Bank's commitment by virtue of acquisition of receivables must not exceed 3,000,000 Polish zlotys.

Each party may terminate the agreement on one month's notice, subject to satisfying outstanding obligations under the agreement.

h) Asbis CZ entered into a Factoring Agreement for purchasing of the Company's receivables, with the factor agent, TRANSFINANCE a.s. on the February 22, 1999, which has been subsequently amended by annex on 1 July 2004.

i) ISA Hardware CZ entered into a Factoring Agreement dated 12 November 2004 with TRANSFINANCE a.s. for purchasing of the Company's receivables.

j) ISA Hardware CZ also entered into multi purpose loan agreement with HVB Bank Czech Republic a.s. on 19 November 2004 for a multipurpose credit line for ZK 10,000,000. This agreement has been extended by amendment dated 15 November 2005 and is due to expire on 30 November 2006.

k) Asbis SK entered into an overdraft facility with Tatra Bank dated 13 March 2003 in respect of SKK227,000,000. This facility has been amended 13 times pursuant to which the current facility stands at SKK259,000,000. Interest on the overdraft is calculated monthly at a rate per annum being the aggregate of 9.5 per cent. p.a. and the 1-month BRIBOR rate.

The facility has been extended by letter of 8 August 2006 which provides that the new renewal date for the facility is 31 October 2007. The facility may not be unconditionally cancelled by Tatra Bank, save for unforeseen circumstances.

10.8 *Master Distribution Centres*

The Group has four distribution centres located in the Czech Republic, the Netherlands, the United Arab Emirates (Dubai) and Finland. The following leases have been entered to in respect of the storage facilities in these distribution centres.

a) The Company has entered into a lease agreement dated 31 March 2005 with ProLogic Czech Republic II s.r.o ("ProLogic") for use of a building for the purposes of a non-exclusive operation of a warehouse of electronics. The annual rent for the property is €194,084.64. This annual rent is subject to increase adjustments pursuant to the annual harmonised consumer price index.

In addition, the Company must pay a service fee of €0.65 per square metre per month. The service fee will be assessed by the landlord at the beginning of each calendar year.

The lease expires on 31 March 2008. Provided that there has been no event of default (as defined in the lease), the Company has the option to extend the lease by 3 years, by giving four months notice prior to the expiration date.

The Company may only terminate the lease in the event that ProLogic either fails to enter into or maintain insurance, files for voluntary composition or a court declares it bankrupt or if the premises become unsuitable for the storage of electronic goods through the fault of ProLogic which they fail to remedy.

b) Asbis Europe B.V. has entered into a lease agreement for office and warehouse premises with KDS Cargo B.V. ("KDS Cargo") dated 7 March 2006. The Company is guarantor.

The commencement date of the lease is 1 May 2006 and is for a period of 3 years and 3 months, expiring on 31 July 2009. During the term of the lease, KDS Cargo is entitled to reduce the total number of square meters leased by giving 3 month's notice and the total rent will be reduced accordingly.

The total rent and service charges payable under the lease is an annual payment of €259,572.00 excluding VAT to be paid quarterly. The lease provides that rent and service charges will be increased annually on 1 July, and will be reviewed for the first time on 1 July 2006. Asbis Europe B.V also paid a deposit equal to 3 months rent.

c) Asbis Middle East FZE ("Asbis ME") entered into a lease agreement dated 15 November 2000 with the Government of Dubai for the lease of a factory unit situated at Jebel Ali Port. The term of the lease has been extended until 14 November 2006, pursuant to a lease extension agreement dated.

The current rent payable is Dhs 150,000 which is payable in advance, amendments to this agreement capped the maximum rent increase at 10 per cent. of the then current rent.

d) The Company has entered into an agreement with Exel Logistics OY ("Exel") dated 23 October 2003 for the provision of warehousing and distribution services and customs clearance, ("Exel Agreement").

Under the terms of the agreement, Exel operates its warehouse in Espoo as a logistics hub for the Company, primarily to receive, handle and store the inbound and outbound computer components and accessories from the Company's suppliers and to its customers. In addition, Exel provides in and outbound air and road freight forwarding services including customs clearance.

The amount that the Company must pay to Exel is dependent on the number of shipments in and out of the warehouse as well as the amount of components that are stored in the warehouse. Exel charges the Company once a month and payment must be made within 30 days.

The agreement states that the products shall be owned by the Company whilst in Exel's possession and the Company are responsible for maintaining insurance.

The parties have agreed that Exel's overall aggregate annual liability (including theft and unaccountable loss of product) shall be an amount not exceeding 8 per cent. of Excel's annual turnover under this agreement.

The term of this agreement is for a period of 1 year, after which either party may terminate by giving 90 days prior written notice. If not terminated, the agreement continues in force for one subsequent year

Exel was merged into DHL at the end of 2005 and pursuant to an extension letter entered into between the Company and DHL Global Forwarding (Finland) OY ("DHL") dated 24 August 2006, DHL agreed to extend the duration of the Exel Agreement until and unless it is terminated by either party.

10.9 The following contracts have been entered into by the Company, or, where stated, a subsidiary of the Company and are, or may be, material:

a) The Company entered into a distribution agreement with Intel International B.V. ("Intel") on 1 August 1998 pursuant to which Intel has appointed the Company to act as its non-exclusive distributor of Intel's products in the territories to be agreed in writing between the parties from time-to-time.

The Company has also been appointed as a non-exclusive distributor of Intel services on Intel's "Distributor Cost List". Such appointment is terminable 'at will' without advance notice and without liability.

Under the contract Intel gives limited warranties regarding the products delivered, limits the remedies for breach of warranty and has the ability to vary the limited warranties given. They also limit any warranties that the Company may give to its customers and excludes certain liability for any loss of profits or incidental, consequential or special damages irrespective of whether Intel has advance notice of the possibility of such damages.

The agreement may be renewed each year for an additional period of one year unless prior to that date either party notifies the other of its intention not to renew at least 30 days prior to the renewal date.

In addition, either party may terminate the agreement at any time with or without cause, without incurring any liability as a result (except in regard to possible return of inventory) upon 60 days or more days' prior written notice to the other party.

b) ISA Hardware Limited has entered into a commercial distribution agreement dated 31 December 2003 with Advance Micro Devices ("AMD") pursuant to which ISA Hardware has been appointed as a non-exclusive commercial distributor to promote the sale of and to distribute AMD integrated circuits, electronic devices and other products listed in the agreement within the territories allocated to ISA Hardware Limited under the agreement.

The prices that ISA Hardware Limited is charged are described as the "distributor's best buy" price for each product, as published in AMD's pricing supplement, unless otherwise agreed in writing between the parties.

The agreement continues in force unless terminated by either party giving not less than 30 days' written notice. AMD also has the right to terminate on giving a 24 hours' notice if they have cause, including insolvency or such similar event whereby ISA discontinues its business or if there is a change of control. If the agreement is so terminated, all outstanding accounts payable owed by ISA Hardware Limited to AMD will become immediately due and payable.

c) The Company has entered into a distributor agreement with Seagate Technology International ("Seagate") dated 26 June 2001 by which the Company has been appointed as a non-exclusive distributor of certain products as described in Seagate's distribution price list in territories across Europe and the Middle East. This price list is subject to change at Seagate's discretion.

The Company is also under an obligation to actively promote products in the territories in which it operates.

Pursuant to the agreement the Company is entitled to an early payment discount of 2 per cent., which may be amended or discontinued by Seagate at any time without prior notice to the Company. There is also the availability of a credit line under the contracts but this is at the sole discretion of Seagate.

The Company is authorised under the agreement, to use Seagate's current and future trademarks, service marks and trade names solely in connection with the marketing and distribution of Seagate products.

The agreement may be terminated by either party providing the other party with 30 days' prior written notice. Alternatively it may be terminated for cause on the event of force majeure, petition for bankruptcy or a material breach of the agreement which remains un-remedied.

d) The Company has entered into a master distribution agreement with Hitachi Global Storage Technologies Singapore Pts. Ltd ("Hitachi") dated 23 February 2000 and later extended in 2003 for a further year.

This contract was originally between the IBM Corporation ("IBM") and the Company. In July 2002, IBM wrote to the Company informing them that they had outsourced their new hard drive disk company to Hitachi and as such Hitachi would take over some aspects of the contract. The Company agreed to this assignment on the basis that the terms would remain the same, albeit with two parties governing different sections of the agreement.

Under the agreement the Company has been appointed as a non-exclusive distributor of Hitachi and IBM products globally except in Cuba, Iran, Iraq, Libya, North Korea, Sudan, Syria, Guatemala, Belize, Honduras, Nicaragua, Costa Rica, Panama, El Salvador, Dominican Republic and Haiti.

In return for the distribution of IBM and Hitachi products the Company has to pay the amounts invoiced within 30 days after the date specified on the IBM invoice. The prices paid by the Company are those set out in the price list or the price catalogue as amended from time to time by IBM or Hitachi

Either party may terminate the agreements or any product order by giving 90 days written notice. In addition either party may terminate the agreement immediately without notice if the other party becomes insolvent, is subject to reorganisation or receivership, makes an assignment for the benefit of creditors, undergoes a change of control or commits a material breach of its obligations under the agreement.

e) The Company has entered into a distribution agreement with Samsung Semiconductor Europe GmbH ("Samsung Semiconductor") dated 28 October 2001 under which the Company has been appointed the non-exclusive distributor of DRAM, SCRAM, GRAPHICS AND FLASH in the Ukraine, Poland, Czech Republic, Slovakia, Croatia, Slovenia, Macedonia, Serbia and Montenegro, Hungary, Romania, Bulgaria, Turkey, Egypt, Tunisia, Algeria, Morocco, Kenya and United Arab Emirates.

The agreement requires the Company to maintain adequate offices and warehouse facilities, issue a monthly sales analysis report to Samsung and not to substantially change the structure of its business. If the Company does not fulfill these obligations Samsung may, at its option, terminate the agreement.

The agreement is renewed automatically on a yearly basis. However, it may be terminated by either party for any reason on giving 90 days written notice to the other party. The agreement may also be terminated forthwith if any party fundamentally breaches any obligations of the agreement or on the bankruptcy/liquidation of one of the parties.

f) The Company entered into a Microsoft Desktop Operating System Licence Agreement with Microsoft Ireland Operation Limited ("Microsoft") dated 1 August 2005. Pursuant to this agreement, the Company has been granted a non-exclusive limited licence to pre-install Microsoft products set out in the agreement onto the Company's computer systems and to distribute and sub-licence the end users pursuant to the end user licence agreement delivered by Microsoft with each product.

The Company must pay a combination of royalties and fees on a per copy basis, the amounts of which are set out in the agreement and in individual project schedules negotiated between the parties. Whilst the licensed territory is worldwide, there are limitations on distribution in relation to certain countries.

The agreement incorporates the Microsoft Business Terms document which contains further indemnities given for the benefit of Microsoft and the limitation on the use of any trademarks of Microsoft.

Either party may terminate the licence agreement if the other party materially fails to perform or comply with the agreement or materially fails to perform or comply with any surviving payment obligation. In addition, either party may terminate if the other party becomes insolvent or enters into bankruptcy or similar proceedings. The termination is effective 30 days after valid written notice by the non-defaulting party provided that the default has not been cured.

The licence term expired on 31 July 2006. The Company is in the process of negotiating an extension to the licence.

g) The Company entered into a licence agreement dated 1 November 2005 with Microsoft for application products. Subject to the payment of product royalties, Microsoft has granted the Company a non-exclusive licence to pre-install one copy of the product software on its system and distribute and sub-licence them to end user customers pursuant to the end user's instructions. The licence agreement is delivered by Microsoft with the product.

The agreement relates to with the distribution, installation, labeling and backup of the products and supplements to the products and includes a number of products including PC games and On Application products.

The agreement allows the Company to distribute Microsoft products in the member countries of the European Union and European Free Trade Association, subject to limitations to certain territories.

Royalties are payable for the products, as are fees on a "per system" basis and the Company is subject to a minimum order commitment.

In addition to the express terms of this agreement, the agreement incorporates the Microsoft Business Terms document.

The termination provisions are those contained in the Microsoft Business Terms., pursuant to which either party may terminate the agreement if the other party materially fails to perform or comply with any provision of the licence agreement, fails to pay any amount owing, or becomes insolvent, enters bankruptcy or similar proceedings under applicable law. On such an occurrence termination shall be effective 30 days after valid written notice by the non-defaulting party. Without any such default the licence is due to expire on 30 November 2006.

h) The Company has entered into an agreement dated 22 June 2005 with CTI C&C Co. Ltd of Korea ("CTI") appointing CTI as the exclusive distributor of Canyon MP3 players and any other Canyon branded products in Korea.

Under the terms of the agreement, CTI undertakes during each quarter to place orders for not less than US$ 500,000. Failure to meet this target gives ISA the right to terminate the agreement, cancel the Distributor's exclusivity, or reduce the extent of the territory, subject to giving one month's notice in each case.

The Company warrants products of its manufacture against defective materials or workmanship for two years from the date of shipment of the applicable product to CTI. This warranty is limited to CTI.

The terms and conditions of sale state that product warranties are provided by the Company as specified on the product packaging and accompanying documentation.

CTI is granted a limited, conditional, revocable and personal licence to use the Company's trademarks, tradenames and other symbols solely for the purpose of identifying and advertising products within the scope of the agreement. This licence ceases immediately on termination of the agreement.

The duration of the agreement is for 12 months with automatic renewal for one year periods unless terminated with 60 days notice prior to the expiration of the current term. The agreement may be terminated for convenience by giving 60 days notice at any time.

i) On 28 April 2006 the Company and Prestigio Cyprus entered into a franchise agreement with Prestigio Corporate Solutions-Tecnologias de Informacao, Lda of Portugal ("Prestigio Portugal"). Under the agreement Prestigio Cyprus has appointed Prestigio Portugal as the exclusive Franchisee of the Prestigio brand and products in Portugal.

Pursuant to the agreement, Prestigio Portugal is obliged to purchase the Prestigio products from the Company and meet a sales "threshold" of Prestigio products.

The duration of the agreement is for three years with automatic renewals for 2 year periods. On termination Prestigio Portugal must change its name in order to remove the word 'Prestigio" from its name.

Prestigio Portugal may terminate the agreement at any time by giving 90 days written notice to both Prestigio Cyprus and to the Company.

j) The Company entered into an agreement with Asbis (Africa) Proprietary Limited ("Asbis Africa") dated 1 April 2005 under which the Company appointed Asbis Africa as its exclusive reseller and marketer of its products in South Africa, Namibia, Botswana, Zimbabwe, Mozambique, Zambia, Angola, Malawi, Uganda, DRC, Ghana, Ivory Coast, Cameroon, Seychelles and Mauritius. The Company retains the right to do business directly in those countries.

Pursuant to the agreement, Asbis Africa pays a royalty to the Company calculated as a percentage of the gross profit value of all products sold by Asbis Africa. This percentage is set at 30% unless it is otherwise agreed between the parties.

Asbis Africa is not a subsidiary of the Company, nor is it a joint venture arrangement. The agreement provides that the use of the name Asbis is only for the purposes of the said agreement and the right to use the name terminates on termination of the agreement.

The agreement restricts Asbis Africa in respect of the use of the Asbis name. All marketing and website materials must be authorised by the Company before use and the Company may immediately terminate the agreement if Asbis Africa uses the name in a manner that reflects poorly upon the Company.

The agreement will terminate at the expiration of the 2 year term with automatic one year renewals unless terminated by either party giving 30 day notice prior to the expiry of every term.

k) The Company and Solytech Enterprise Corporation ("Solytech") have entered into an agreement dated 30 November 2005 pursuant to which Solytech was appointed by the Company as its OEM manufacturer of certain products set out in the agreement to be sold by the Company under its Prestigio brand.

The Company shall supply purchase orders from time to time to Solytech which will be sold to the Company at Solytech's ex-factory prices prevailing at the date of the acceptance of the purchase order. The Company has granted Solytech a non-exclusive, non-transferable, revocable licence to use the Prestigio trademark under the terms of the agreement.

Pursuant to the agreement, Solytech has granted certain indemnities to the Company and a two year warranty to the Company in respect of the products supplied to the Company and has

This agreement may be terminated by either party giving the other 60 days' written notice.

l) Asbis Slovakia has entered into an IBM Business Partner agreement with IBM World Trade Corporation on 29 October 2001 pursuant to which Asbis Slovakia was granted the non-exclusive right to distribute certain IBM products and services. The agreement provides for minimum annual attainment targets to be achieved in relation to different products ranging from US$ 500,000 for the pSeries and RS/6000 products and US$ 1m for the xSeries products.

This agreement was extended by the IBM Global Financing Gold Plan Agreement, dated 1 August 2005 which transferred Asbis Slovakia's account with IBM to the Gold Plan. The agreement will remain in force until the earlier of 60 days after either party gives written notice of termination or the effective date from which the IBM notifies Asbis Slovakia that it will cease to trade with them.

m) Asbis Slovakia entered into a purchase agreement with Hewlett Packard Europe BV dated 1 May 2002 regarding the purchase and resale of certain Hewlett Packard products, details of which are set out in the agreement, in the territory of Slovakia.

Pursuant to the agreement Asbis Slovakia has agreed to provide both pre and post sales support to the customers to whom it sells such products.

The agreement is effective from the 1 May 2002 and will stay in force until it is terminated. Asbis Slovakia may terminate the agreement at any time. HP may terminate the agreement at any time in the event that Asbis Slovakia fails to remedy a breach of its obligations within 30 days written notice.

n) Asbis Slovakia has entered into a Logistic Service Partner Agreement with Hewlett ("HP") Packard dated 1 September 2003.

Under this agreement, Asbis Slovakia has been appointed as a non-exclusive authorised Hewlett Packard Logistic Service Partner in the Slovakia. Asbis Slovakia re-sells the products to the resellers who meet the HP selection criteria.

The agreement may be terminated by Asbis Slovakia at any time and HP may terminate the agreement at any time if Asbis Slovakia fails to remedy a breach of its obligations within 30 days of written notice thereof. HP must give 60 days written notice if it decides to change the terms of the agreement.

o) Asbis ME has entered into a distribution agreement with Foxconn Middle East dated 1 March 2006, under which Asbis ME was granted the right to distribute Foxconn products (motherboards) in the Middle East region except Iran and in Africa except Egypt.

Foxconn will deliver the products to Asbis ME on open credit with payment terms of 60 days. Asbis ME is provided indicative sales targets based on quarterly figures.

Under the terms of the agreement, Foxconn is obliged to provide Asbis ME with marketing and warranty support as well as training if required.

The agreement is valid till 31 December 2006 and will be renewed automatically for one year unless terminated by either party gives written notice to terminate the contract 90 days in advance in accordance with the termination provisions.

p) Asbis Romania has entered into an International Distribution Agreement with Microsoft dated 1 April 2006, for the distribution of Windows operating systems and applications within the territory of Romania.

Asbis Romania is able to ship, software packages, software licences and hardware under the terms of the agreement and must pay royalty fees on a "per item" basis. These fees are calculated in accordance with a price listing schedule. Software royalties are payable within 75 days and hardware royalties within 60 days with late payment charges applicable.

All products distributed by Asbis Romania are covered by the Microsoft warranty which accompanies the particular hardware or software.

Unless terminated earlier, the agreement will continue until 30 June 2007 at which date it will automatically end. Either party may negotiate a new fixed term by mutual consent which will be governed by the same terms and conditions as the present agreement. In any event, either party may terminate the agreement by giving the other 30 days written notice.

10.10 *Depositary Interest Facility*

A depositary agreement dated 17 October 2006 between (1) the Company and (2) Capita IRG Trustees Limited ("Capita Trustees") pursuant to which Capita Trustees agree to provide depositary services to the Company for a graduated fee based on the number of holders of Depositary Interests. Pursuant to the provision of these services Capita Trustees agree to execute a deed poll, details of which are set out in paragraph 10.11 below.

The Depositary Interests will be created pursuant to and issued on the terms of a deed poll to be executed by Capita Trustees in favour of the holders of the Depositary Interests from time to time (the "Deed Poll"). Prospective holders of Depositary Interests should note that they will have no rights in respect of the underlying Ordinary Shares or the Depositary Interests representing them against CRESTCo, or its subsidiaries.

Ordinary Shares will be transferred to an account of Capita Trustees or its nominated custodian (a "Custodian") and Capita Trustees will issue Depositary Interests to participating members.

Each Depositary Interest will be treated as one Ordinary Share for the purposes of determining, for example, eligibility for any dividends, and Capita Trustees will pass on to the holders of Depositary Interests any stock or cash benefits received by it as holder of Ordinary Shares on trust for such Depositary Interest holder. Depositary Interest holders will also be able to receive notices of meetings of holders of Ordinary Shares and other notices issued by the Company to its Shareholders.

The Depositary Interests will have the same security code (ISIN) as the underlying Ordinary Shares and will not be required to be admitted separately to trading on the London Stock Exchange.

10.11 *Deed Poll*

In summary, the Deed Poll contains the following provisions:

a) The Depositary will hold (itself or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests.

b) Holders of Depositary Interests warrant, *inter alia*, that the securities in the Company transferred or issued to the Custodian on behalf of the Depositary/Custodian are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's constitutional documents or any contractual obligation, law or regulation.

c) The Depositary and any Custodian must pass on to the Depositary Interest holders and, so far as they are reasonably able, exercise on behalf of the Depositary Interest holders all rights and entitlements received or to which they are entitled in respect of the underlying securities which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form in which they are received together with amendments and additional documentation necessary to effect such passing-on, or, as the case may be, exercised in accordance with the Deed Poll.

d) The Depositary will be entitled to cancel Depositary Interests and withdraw the underlying securities in certain circumstances including where a Depositary Interest holder has failed to perform any obligation under the Deed Poll or any other agreement or instrument with respect to the Depositary Interests.

e) The Deed Poll contains provisions excluding and limiting the Depositary's liability. The Depositary's liability to a holder of Depositary Interests will be limited to the lesser of:

   (i) the value of the shares and other deposited property properly attributable to the Depositary Interests to which the liability relates; and

   (ii) that proportion of £10 million which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the Depositary Interest holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay all such holders in respect of the same act, omission or event or, if there are no such amounts, £10 million.

f) The Depositary is entitled to charge holders fees and expenses for the provision of its services under the Deed Poll.

g) Each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees) against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of Depositary Interests held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depositary, or the Custodian or any agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent.

h) The Depositary may terminate the Deed Poll by giving not less than 30 days' notice. During such notice period holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary must, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holders or, at its Depositary's discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll pro rata to holders of the Depositary Interests in respect of their Depositary Interests.

i) The Depositary or the Custodian may require from any holder information as to the capacity in which Depositary Interests are owned or held and the identity of any other person with any interest of any kind in such Depositary Interests or the underlying securities in the Company and holders are bound to provide such information requested. Furthermore, to the extent that, *inter alia*, the Company's constitutional documents require Depositary's disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever, in the Company's securities, the holders of the Depositary Interests are to comply with such provisions and with the Company's instructions with respect thereto.

   It should also be noted that holders of the Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Ordinary

Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of the Depositary Interests to give prompt instructions to the Depositary or its nominated Custodian, in accordance with any voting arrangements made available to them, to vote the underlying shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of the Depositary Interests to vote such shares as a proxy of the Depositary or its nominated Custodian.

11. Intellectual Property

11.1 The Group has, *inter alia*, registered the following trademarks:

a) "ASBIS" , in black and white and colour formats and also "ASBIS ISP";

b) "CANYON"; and

c) "PRESTIGIO".

These trademarks are registered and protected in the countries in which the Group has its operations.

11.2 The Company has registered the following domain names:

a) Asbis

www.Asbis.com	www.Asbis.by	www.Asbis.ru	www.Asbis.pl
www.Asbis.cz	www.Asbis.sk	www.Asbis.hu	www.Asbis.si
www.Asbis.hr	www.Asbis.ro	www.Asbis.bg	www.Asbis.ua
www.Asbis.kz	www.Asbis-europe.com	www.Asbis.ie	www.Asbis.ee
www.Asbis.lt	www.Asbisme.ae		

b) Prestigio

www.Prestigio.com	www.Prestigio.by	www.Prestigio.ru	www.Prestigio.pl
www.Prestigio.cz	www.Prestigio.sk	www.Prestigio.hu	www.Prestigio.si
www.Prestigio.ae	www.Prestigio.ro	www.Prestigio.bg	www.Prestigio.ua
www.Prestigio.com.tw			

c) ISA Hardware

www.Isahardware.com	www.Isahardware.ru	www.Isahardware.pl
www.Isahardware.hu	www.Isahardware.ro	www.Isahardware.cz

d) Canyon Technology

www.Canyon-tech.com	www.canyonsportsline.nl

12. Litigation

There are no legal or arbitration proceedings which are active, pending or threatened against, or being brought by, the Company or any member of the Group which are having or may have a significant effect on the Company's or the Group's financial position.

13. Working capital

The Directors are of the opinion, having made due and careful enquiry, that following Admission the Company and the Group will have sufficient working capital for its present requirements, that is for at least the 12 month period following Admission.

14. Taxation

The following paragraphs are intended only to provide a general outline of the taxation implications to UK residents holding Ordinary Shares as investments of a Cyprus resident company trading on AIM.

The following comments are intended as a general guide to the UK and Cyprus tax implications only and apply only to certain categories of persons. This should not be a substitute for individual advice from an appropriate professional adviser and all persons are strongly advised to obtain their own professional advice concerning the consequences under any tax laws of the acquisition, ownership and disposition of Ordinary Shares.

The income tax implications can vary depending on the nature and character of the circumstances affecting each particular investor. This summary describes the generic income tax implications that could be expected to arise for an investor who is not conducting a business of trading or dealing in shares or marketable securities and in the case of non-resident investors, does not have a permanent establishment in Cyprus. The UK advice is based on a UK resident holding shares of a Cyprus company trading on AIM. The advice contained in this summary is general in nature and, accordingly, may not apply to all investors who participate in the placing of the Ordinary shares.

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in Ordinary Shares. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility in respect of taxation consequences connected with an investment in the Ordinary Shares.

14.1 *Cyprus resident company*

It is anticipated that the Company will be resident in Cyprus for taxation purposes.

14.2 *Taxation of dividends and distributions*

14.2.1 Under Cyprus legislation there is no withholding tax on dividends paid to non-residents of Cyprus. A UK holder, or a holder of Ordinary Shares who is carrying on a trade, profession or vocation in the UK through a branch or agency in connection with which the Ordinary Shares are held will, depending upon the holder's particular circumstances, be subject to UK income tax or corporation tax as the case may be on the amount of any dividends paid by the Company. A dividend paid by the Company to a non-corporate Shareholder is liable to income tax on an arising basis if the Shareholder is UK domiciled, but only if remitted to or received in the UK if the shareholder is non-UK domiciled. Shareholders must consult their tax advisers on their domicile, residence and ordinary residence status and on what amounts to "remitted or received in" the UK.

14.2.2 Non-corporate Shareholders whose income, including the dividends, is within the lower or basic rate bands will be liable to income tax at 10 per cent. Individual Shareholders who are liable to income tax at higher rate of tax will be charged tax of 32.5 per cent. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law.

14.2.3 Certain non-corporate Shareholders may also be subject to UK tax on the Group's profits on an arising basis whether or not these profits are distributed to Shareholders by the Company. To the extent that those profits are subsequently paid out as Company dividends, relief should normally be available to avoid double taxation.

14.3 *Taxation of Chargeable Gains*

14.3.1 Cyprus Capital Gains Tax is imposed at the rate of 20 per cent. on gains from the disposal of immovable property situated in Cyprus including gains from the disposal of shares in companies which own such immovable property excluding shares listed in any recognised stock exchange.

14.3.2 A disposal, or deemed disposal, of Ordinary Shares by a Shareholder who is either resident or ordinarily resident for tax purposes in the UK will, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or allowable loss for the purposes of the taxation of chargeable gains in the UK. Individuals, personal representatives and trustees may be entitled to taper relief, which will serve to reduce the chargeable gain. UK resident companies are not entitled to taper relief, but are due indexation allowance, which may also reduce any chargeable gain, but will not create nor enhance a capital loss.

14.3.3 UK domiciled non-corporate Shareholders who, with connected persons, hold more than 10 per cent. interest in the Company will be subject to the attribution of gains arising to the Company, if the Company, deemed to be UK tax resident for these purposes, would be regarded as a UK close company.

14.3.4 Broadly, Shareholders who are not resident or ordinarily resident for tax purposes in the UK will not be liable for UK tax on capital gains realised on the disposal of their Shares unless such Ordinary Shares are used, held or acquired for the purposes of a trade, profession or vocation or, in the case of companies only, a permanent establishment, carried on in the UK through a branch or agency or for the purpose of such branch or agency. Such Shareholders may be subject to foreign taxation on any gain under local law.

14.3.5 A Shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than five complete tax years and who disposes of the Ordinary Shares during that period may also be liable to UK taxation of chargeable gains (subject to any available exemption or relief) as if, broadly, the disposal was made in such Shareholder's year of return to the UK.

14.4 *Stamp duty*

14.4.1 Any transfer of Ordinary Shares after the admission of the Company to AIM will generally not be subject to Cyprus stamp duty.

14.4.2 Any agreement to transfer, or any transfer of, Ordinary Shares registered on the Company's UK branch register will generally be subject to UK stamp duty or stamp duty reserve tax at the rate of 0.5 per cent of the consideration for the transfer. UK stamp duty may arise on transfers of other Ordinary Shares depending on the circumstances, such as where the transfer is executed in the UK.

14.4.3 A UK depositary interest in foreign securities is not a chargeable security for purposes of stamp duty reserve tax ("SDRT") pursuant to the provisions of Statutory Instrument 1999/2383 (Stamp Duty Reserve Tax (UK depositary Interests in Foreign Securities) Regulations 1999) ("SI 1999/2383").

Foreign securities are securities:-

(a) issued by a body corporate not incorporated and whose central management and control is not exercised in the United Kingdom;

(b) which are not registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued or raised;

(c) which are not units or shares in a collective investment scheme; and

(d) which are of the same class in the body corporate as securities which are listed on a recognised stock exchange.

So long as the Ordinary Shares are not listed on a recognised stock exchange for the purposes of SI 199/2383 any transfers of the Depositary Interests will be subject to SDRT.

14.5 *UK inheritance tax*

14.5.1 Cyprus inheritance tax law has been abolished with effect from 1 January 2000 by virtue of N74 (I) 2000.

14.5.2 The Ordinary Shares will not be assets situated in the UK for UK inheritance tax purposes. A gift of such assets by, or the death of, an individual holder who is domiciled, or is deemed to be domiciled under certain rules relating to long residence or previous domicile, may (subject to certain exemptions and relief) give rise to a liability to UK inheritance tax. For inheritance tax purposes a transfer of assets at less than market value may be treated as a gift and particular rules may apply where the donor reserves or retains some benefit.

15. Related Party Transaction

The Group relies on the E-Vision licence, details of which are set out in paragraph 10.6 above. Siarhei Kostevitch, Director, indirectly controls KS Holdings Limited which owns 410,000 shares representing 82% of the issued share capital of E-Vision. The balance of 90,000 shares is owned by the Company.

16. General

16.1 The total costs and expenses relating to the Admission are estimated to be approximately £700,000 excluding VAT and are payable by the Company.

16.2 Seymour Pierce, which is authorised and regulated by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.

16.3 Deloitte & Touche LLP have given and not withdrawn their written consent to the inclusion of their report in Part III of this Document and the reference to such report and their name, in the form and context in which they appear. Deloitte & Touche LLP have authorised the contents of their report in Part III of this Document for the purposes of Schedule 2 of the AIM Rules.

16.4 The accounting reference date of the Company is 31 December.

16.5 Save as disclosed in Part 1 of this document, the Directors are unaware of any exceptional factors which have influenced the Group's activities.

16.6 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.

16.7 Save as disclosed in this document, there have been no significant changes in the trading or financial position of the Group since 30 June 2006.

16.8 As at the date of this document, no Director or member of a Director's family has a related financial product referenced to the Ordinary Shares.

16.9 Save as disclosed in this document, there are no persons (excluding professional advisers as stated in this Document and trade suppliers) who have received directly or indirectly from the Group in the 12 months preceding the date of this document or have entered into contractual arrangements to receive, directly or indirectly, from the Group on or after Admission:

(a) fees totalling £10,000 or more;

(b) securities in the Group with a value of £10,000 or more calculated by reference to the expected opening price upon Admission; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

16.10 The Group currently has 683 employees.

16.11 Save as disclosed in this document there are no significant investments in progress.

16.12 Save as disclosed in this document and so far as the Directors are aware, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

16.13 Save as disclosed in this document, there are no mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the Ordinary Shares.

16.14 No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year or in the last financial year.

16.15 The Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

16.16 The Company and the Directors are not aware of any arrangements which may at a subsequent date result in a change of control of the Company.

17. Availability of this document

Copies of this Document are available free of charge at the offices of Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL during normal business hours on any weekday (public holidays excepted) and shall remain available for at least one month after Admission.

Dated 19 October 2006

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