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ASBISC ENTERPRISES PLC

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2006

ASBISC ENTERPRISES PLC

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Contents

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Siarhei Kostevitch (Belarussian) Chairman and Chief Executive Officer
	Marios Christou (Cypriot)
	Laurent Journoud (French)
	Veronique Holbrook (Canadian)
	George Kourtis (Greek) (resigned 4/9/2006) Non-Executive Director
	John Raymond Hirst (British) – (appointed 4/9/2006) Non-Executive Chairman
	Paul Marshall Swigart (American) – (appointed 4/9/2006) Non-Executive Director
Secretary	Confucius Services Limited, Limassol, Cyprus
Auditors	Deloitte & Touche Limited, Limassol, Cyprus
Legal adviser	Costas Tsirides & Co. Law Office, Limassol, Cyprus
Bankers	BNP PARIBAS Cyprus Limited Limassol, Cyprus
	Barclays Bank Plc – International Banking Unit Nicosia, Cyprus
	The Cyprus Development Bank Nicosia, Cyprus
	Raiffeisen Zentralbank Osterreich AG Wien, Austria

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their annual report on the affairs of the group and the company together with the group's and the company's audited financial statements for the year ended 31 December 2006.

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

Change of company's name
On 4th of September 2006 by a special resolution passed at an extraordinary general meeting of the shareholders of the company, the company's name was changed from Asbisc Enterprises Limited to Asbisc Enterprises Plc.

Results
The consolidated profit for the year attributable to the members increased by 13,8% from US$ 8.322.304 in 2005 to US$ 9.473.000 in 2006 after the deduction of an amount of US$1.597.310 reflecting the listing expenses incurred by the company during 2006. The increase in the consolidated profit attributable to members before the deduction of the listing expenses, which are non-recurring, was 33%. Details of the consolidated results of the group are presented on page 5 of the financial statements.

Group financial statements
The consolidated financial statements include the financial statements of the company and those of its subsidiary companies. The names and more details about the subsidiaries are shown in note 12 of the financial statements.

Significant events after the end of the financial year
No significant events occurred after the end of the financial year.

Expected future developments of the group and the company
The directors do not expect any significant changes in the activities of the group and the company for the foreseeable future.

Review of the development, financial performance and current position of the group and the company and the description of its major risks and uncertainties
The group and company's development to date, financial results and positions as presented in the financial statements are considered satisfactory.

The group has completed a successful year of trading with revenues for the year to 31 December 2006 having reached a record level in excess of US$1 billion.

The growth in revenues for the year 2006, which was accompanied also by improved margins, was underpinned by the continued strong relationships with the supplier base of the group, including industry leading manufacturers and the addition of new suppliers across its key geographic markets.

Furthermore, the results of the group have been enhanced by the continuing growth in the percentage of group sales achieved from its two higher margin own brand product lines, Canyon and Prestigio.

On the 25th of October 2006 the company was listed on the Alternative Investment Market (AIM) of the London Stock Exchange (LSE).

The group and the company face the following major risks and uncertainties:

- competition pressures in the market place it operates that may significantly affect gross and net margins;
- technological changes and other market trends;
- financial risks as described in note 29.

The company has in place systems and procedures to maintain its expertise and keep it aware of changes in its market places to help mitigate market risks. It also has rigorous controls to help mitigate financial risks.

Dividends
The Board of Directors propose the payment of a final dividend of US$0,02 per share for the year ended 31 December 2006 (total proposed dividend US$960.000). The final dividend proposed for the year ended 31 December 2005 was US$960.000, which was paid during the year ended 31 December 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

Share Capital
On 4 September 2006 by a special resolution passed at an extraordinary general meeting of the shareholders of the company it was resolved:

(a) to increase the authorized share capital from 48.000.000 shares of US$0,20 each to 63.000.000 shares of US$0,20 each.
(b) to convert the 8.000.000 preference shares of US$0,20 each to 8.000.000 ordinary shares of US$0,20 each.

Board of Directors
The members of the Board of Directors at 31 December 2006 and at the date of this report are set out on page 1. They were all members of the Board of Directors throughout the year except as noted on page 1. All the members of the Board of Directors will continue in office. There were no significant changes in the assignment of the responsibilities and remuneration of the members of the Board of Directors. During the year two new non-executive Directors were appointed in accordance with the code of Corporate Governance adopted by the company.

Corporate Governance
The Directors of Asbisc Enterprises Plc recognize the value deriving from the Code of Best Practice of Corporate Governance. The Directors take all necessary actions to adhere to the corporate governance rules that are practicable and appropriate for a public company of the size of Asbisc Enterprises Plc.

The Board of Asbisc Enterprises Plc has three committees:

- the Audit Committee
- the Remuneration Committee and
- the Nominations Committee

Both the Audit and the Remuneration Committees consist of the two non-executive directors appointed upon listing. The Nominations Committee consists of the two non- executive directors together with the Chief Executive.

Auditors
The auditors of the company Messrs Deloitte & Touche Limited have expressed their willingness to continue in office. A resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

CONFUCIUS SERVICES LIMITED NICOSIA CYPRUS

Secretary
Limassol, 27 March 2007.

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AUDITORS' REPORT TO THE MEMBERS OF ASBISC ENTERPRISES PLC

Report on the Consolidated and Company's Separate Financial Statements

We have audited the consolidated financial statements of Asbisc Enterprises Plc (the "Company") and its subsidiaries (the "Group") and the Company's separate financial statements on pages 5 to 36, which comprise the balance sheets of the Group and the Company as at 31 December 2006, and the income statements, statements of changes in equity and cash flow statements of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these consolidated and Company's separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and Company's separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated and the Company's separate financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2006, and of the financial performance and the cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards as issued by the IASB and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements of the Group and the Company give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2-3 is consistent with the consolidated and Company's separate financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report may be divulged.

Deloitte & Touche Limited

DELOITTE & TOUCHE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 27 March 2007.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006
(Expressed in United States Dollars)

	Note	2006 US$	2005 US$
Revenue	2	1.008.794.597	930.389.282
Cost of sales		(961.101.730)	(892.020.384)
Gross profit		47.692.867	38.368.898
Selling expenses		(17.290.825)	(13.225.005)
Administrative expenses		(14.318.319)	(12.839.668)
Profit from operations		16.083.723	12.304.225
Financial income	3	142.271	226.636
Financial expenses	3	(3.850.106)	(3.558.489)
Other income	4	383.238	340.542
Goodwill written off, net		-	(13.620)
Profit on disposal of subsidiary		-	18.349
Profit before taxation	6	12.759.126	9.317.643
Taxation	7	(1.688.816)	(939.380)
Profit after taxation		11.070.310	8.378.263
Listing expenses written off	5	(1.597.310)	-
Minority interest	20	-	(55.959)
Profit attributable to members		9.473.000	8.322.304
		Cents	**Cents**
Earnings per share			
Basic and diluted from continuing operations	26	19,7	17,3

The notes on pages 13 to 36 form an integral part of these financial statements

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006
(Expressed in United States Dollars)

		2006	2005
ASSETS	**Note**	**US$**	**US$**
Current assets			
Inventories	2	46.177.803	58.701.878
Trade receivables	8	148.790.371	110.971.092
Other current assets	9	4.726.356	4.020.441
Current taxation	7	-	76.446
Cash and cash equivalents	21	27.927.606	25.106.038
Total current assets		227.622.136	198.875.895
Non-current assets			
Property, plant and equipment	10	7.161.929	6.663.640
Investments	14	99.580	90.000
Intangible assets	11	1.268.250	1.443.225
Total non-current assets		8.529.759	8.196.865
Total assets		236.151.895	207.072.760
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables		117.453.360	114.276.334
Other current liabilities	15	22.960.319	20.532.449
Current taxation	7	278.181	-
Short-term obligations under finance lease	18	144.527	87.446
Bank overdrafts and short term loans	16	34.377.172	20.315.429
Total current liabilities		175.213.559	155.211.658
Non-current liabilities			
Long term liabilities	17	666.058	746.556
Long-term obligations under finance lease	18	74.715	146.614
Deferred tax liability	7	44.997	8.295
Total non-current liabilities		785.770	901.465
Total liabilities		175.999.329	156.113.123
Equity			
Share capital	19	9.600.000	9.600.000
Share premium		8.138.039	8.138.039
Reserves		42.414.527	33.221.598
Total equity		60.152.566	50.959.637
Total liabilities and equity		236.151.895	207.072.760

Signed on behalf of the board on 27 March 2007

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) - Directors
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The notes on pages 13 to 36 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 year after minority interest	-	-	8.322.304	-	8.322.304
Exchange difference arising on consolidation	-	-	-	(595.250)	(595.250)
Balance at 31 December 2005 and 1 January 2006	9.600.000	8.138.039	32.531.547	690.051	50.959.637
Profit for the year after minority interest	-	-	9.473.000	-	9.473.000
Excess of net assets transferred to the group compared to the purchase consideration paid for the acquisition of subsidiary companies (note 13)	-	-	37.681	-	37.681
Payment of dividend	-	-	(960.000)	-	(960.000)
Exchange difference arising on consolidation	-	-	-	642.248	642.248
Balance 31 December 2006	9.600.000	8.138.039	41.082.228	1.332.299	60.152.566

The reserves shown above at 31 December 2006 were readily distributable up to the amount of US$29.939.460 which represents the retained earnings of the company. The remaining amount of US$11.142.768 represents the earnings retained of the subsidiary companies of the group. The share premium account is available for distribution only in the form of issue of bonus shares.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006
(Expressed in United States Dollars)

	Note	2006 US$	2005 US$
Profit for the year before tax and minority interest		12.759.126	9.317.643
Adjustments for:			
Exchange difference arising on consolidation		117.254	(194.627)
Listing expenses written off	5	(1.597.310)	-
Depreciation	10	1.133.232	1.097.413
Amortisation of intangible assets	11	710.085	602.464
Interest received	3	(115.831)	(131.672)
Interest paid	3	1.620.161	1.209.602
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	4	(11.546)	(28.969)
Operating profit before working capital changes		14.615.171	11.867.125
Decrease/(increase) in inventories		13.284.743	(13.367.497)
Increase in trade receivables		(37.604.098)	(27.000.766)
(Increase)/decrease in other current assets		(558.828)	185.182
Increase in trade payables		1.949.308	29.089.280
Increase in other current liabilities		2.427.870	1.501.052
Cash (outflows)/inflows from operations		(5.885.834)	2.274.376
Taxation paid, net	7	(1.272.515)	(1.170.817)
Interest paid	3	(1.620.161)	(1.209.602)
Net cash outflows from operating activities		(8.778.510)	(106.043)
Cash flows from investing activities			
Interest received	3	115.831	131.672
Purchase of property, plant and equipment	10	(1.104.675)	(1.461.008)
Purchase of intangible assets	11	(526.349)	(457.677)
Net cash outflow from sale of subsidiary company		-	(43.900)
Payments to acquire investments in subsidiaries	13	(21.047)	-
Increase in investments		(9.580)	-
Net cash acquired from acquisition of subsidiaries	13	430.963	-
Proceeds from sale of property, plant and equipment and intangible assets		54.435	129.280
Net cash outflows from investing activities		(1.060.422)	(1.701.633)
Cash flows from financing activities			
Repayments of long term loans and long term obligations under finance lease		(152.397)	(226.668)
Proceeds/(repayment) of short term loans and short-term obligations under finance lease		12.023.147	(1.300.669)
Dividends paid	27	(960.000)	-
Net cash inflows/(outflows) from financing activities		10.910.750	(1.527.337)
Net increase/(decrease) in cash and cash equivalents		1.071.818	(3.335.013)
Cash and cash equivalents at beginning of the year	21	12.178.623	15.513.636
Cash and cash equivalents at end of year	21	13.250.441	12.178.623

PARENT COMPANY INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006
(Expressed in United States Dollars)

	Notes	2006 US$	2005 US$
Revenue	2	677.957.298	641.440.870
Cost of sales		(660.727.505)	(627.412.100)
Gross profit		17.229.793	14.028.770
Selling expenses		(4.732.931)	(3.889.714)
Administrative expenses		(4.500.234)	(3.560.852)
Profit from operations		7.996.628	6.578.204
Financial income	3	107.420	160.092
Financial expenses, net	3	(1.037.216)	(784.257)
Other income	4	666.130	229.179
Diminution in value of investment	12	-	(421.175)
Profit before taxation	6	7.732.962	5.762.043
Listing expenses written off	5	(1.597.310)	-
Taxation	7	(788.154)	(323.848)
Profit after taxation and listing expenses		5.347.498	5.438.195

PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2006
(Expressed in United States Dollars)

	Note	2006 US$	2005 US$
ASSETS			
Current assets			
Inventories	2	17.180.904	26.661.793
Trade receivables	8	68.317.656	45.812.182
Other current assets	9	29.777.383	39.887.654
Cash and cash equivalents	21	17.525.996	15.051.522
Total current assets		132.801.939	127.413.151
Non-current assets			
Property, plant and equipment	10	2.001.983	2.155.891
Intangible assets	11	1.119.607	1.351.401
Investment in subsidiary companies	12	2.714.977	2.769.202
Investment in fellow subsidiary company	14	90.000	90.000
Total non-current assets		5.926.567	6.366.494
Total assets		138.728.506	133.779.645
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables		79.397.927	73.575.902
Other current liabilities	15	5.742.900	12.571.600
Taxation	7	196.096	8.552
Deferred tax liability	7	74.294	71.006
Bank overdrafts and short term loans	16	5.639.790	4.262.584
Total current liabilities		91.051.007	90.489.644
Equity			
Share capital	19	9.600.000	9.600.000
Share premium		8.138.039	8.138.039
Reserves		29.939.460	25.551.962
Total equity		47.677.499	43.290.001
Total liabilities and equity		138.728.506	133.779.645

Signed on behalf of the board on 27 March 2007.

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) - Directors
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PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006
(Expressed in United States Dollars)

	Share capital US$	Share premium US$	Retained earnings US$	Total US$
Balance at 1 January 2005	9.600.000	8.138.039	20.113.767	37.851.806
Profit of the year	-	-	5.438.195	5.438.195
Balance at 31 December 2005 and 1 January 2006	9.600.000	8.138.039	25.551.962	43.290.001
Profit for the year	-	-	5.347.498	5.347.498
Payment of dividend	-	-	(960.000)	(960.000)
Balance at 31 December 2006	9.600.000	8.138.039	29.939.460	47.677.499

The retained earnings of US$29.939.460 shown above at 31 December 2006 are all distributable. The share premium account is available for distribution in the form of issue of bonus shares.

PARENT COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006
(Expressed in United States Dollars)

	Note	2006 US$	2005 US$
Profit for the year before tax		7.732.962	5.762.043
Adjustments for:			
Provision for diminution in value of investment		-	421.175
Listing expenses written off	5	(1.597.310)	-
Depreciation	10	311.247	302.050
Amortisation of intangible assets	11	582.505	475.386
Interest received	3	(107.420)	(94.514)
Interest paid	3	449.037	416.591
Profit on sale of subsidiary company	4	-	(156.398)
Loss/(profit) from the sale of property, plant and equipment and intangible assets	4	529	(15.218)
Operating profit before working capital changes		7.371.550	7.111.115
Decrease/(increase) in inventories		9.480.889	(3.944.750)
Increase in trade receivables		(22.505.474)	(15.600.149)
Decrease/(increase) in other current assets		10.110.271	(3.260.961)
Increase in trade payables		5.822.025	7.075.014
(Decrease)/increase in other current liabilities		(6.828.700)	9.726.011
Cash inflows from operations		3.450.561	1.106.280
Taxation paid, net	7	(597.322)	(119.995)
Exchange loss on taxation	7	-	36.422
Interest paid	3	(449.037)	(416.591)
Net cash inflows from operating activities		2.404.202	606.116
Cash flows from investing activities			
Interest received	3	107.420	94.514
Purchase of property, plant and equipment		(157.867)	(250.738)
Proceeds from sale of subsidiary company		-	176.798
Purchase of intangible assets		(350.936)	(422.551)
Proceeds from sale of property, plant and equipment and intangible assets		224	31.127
Net decrease/(increase) in investment in subsidiary companies		54.225	(393.285)
Net cash outflows from investing activities		(346.934)	(764.315)
Cash flows from financing activities			
Dividend paid		(960.000)	-
Proceeds from short term loans		3.536.534	-
Net cash inflows from financing activities		2.576.534	-
Net increase/(decrease) in cash and cash equivalents		4.633.802	(158.019)
Cash and cash equivalents at beginning of the year	21	11.788.938	11.946.957
Cash and cash equivalents at end of year	21	16.422.740	11.788.938

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006
(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 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.

On 4th September 2006 by a special resolution passed at an extraordinary general meeting of the shareholders of the company, the company's name was changed from Asbisc Enterprises Limited to Asbisc Enterprises Plc.

On 25th October 2006 the company was listed at the Alternative Investment Market (AIM) of the London Stock Exchange (LSE).

2. **Summary of significant accounting policies**

Basis of preparation

The accompanying financial statements have 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 accompanying financial statements comply 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 accompanying financial statements have 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 current year, 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 annual reporting periods beginning on 1 January 2006. The adoption of these new and revised Standards and Interpretations has resulted in no significant changes to the group's accounting policies.

At the date of authorisation of these financial statements, 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*
•	*IFRS 7*	*Financial Instruments Disclosures*	*Effective for annual period beginning on or after 1 January 2007*
•	*IFRS 8*	*Operating Segments*	*Effective for annual periods beginning on or after 1 January 2009*
•	*IFRIC7*	*Applying the Restatement Approach under IAS29 Financial Reporting in Hyperinflationary Economies*	*Effective for annual periods beginning on or after 1 March 2006*
•	*IFRIC 8*	*Scope of IFRS 2*	*Effective for annual periods beginning on or after 1 May 2006*
•	*IFRIC 9*	*Reassessment of Embedded Derivatives*	*Effective for annual periods beginning on or after 1 June 2006*
•	*IFRIC 10*	*Interim Financial Reporting and Impairment*	*Effective for annual periods beginning on or after 1 November 2006*
•	*IFRIC11 IFRS2*	*Group and Treasury Share Transactions*	*Effective for annual periods beginning on or after 1 March 2007*
•	*IFRIC12*	*Service Concession Arrangements*	*Effective for annual periods beginning on or after 1 January 2008*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006
(Expressed in United States Dollars)

2. Accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards (continued)
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 except IFRIC 8 – Scope of IFRS2. The Board of Directors are currently considering the implementation of a share option scheme. The intended scheme has not yet been approved by the Board of Directors. The Board of Directors are currently considering the possible impact on the financial statements of the group.

Accounting convention
The financial statements have been prepared under the historical cost convention and a summary of the significant accounting policies adopted by the company and the group is as follows:

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the group's equity therein. Minority interest consists of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.
Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interest of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

Business combinations (continued)
Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Business combinations involving entities under common control
A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities.

Therefore, a business combination is outside the scope of IFRS3 when the same group of individuals has, as a result of contractual arrangements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory.

The excess between the carrying value of the net assets transferred and the consideration paid, is recognized directly to equity.

Subsidiary Companies
In the individual accounts of the company, investments in subsidiary companies are presented at cost less provision for permanent diminution in value.

Investments
Investments are stated at cost less provision for permanent diminution in value.

Goodwill
Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006
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2. Accounting policies (continued)

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 and accumulated impairment losses. 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 of tangible and intangible assets excluding goodwill

At each balance sheet date, the group and the company 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 and the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis of allocation is identified.

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.

2. Accounting policies (continued)

Impairment (continued)

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.

Accounting for financial guarantee contracts

The IASB has also amended IAS39 *Financial Instruments: Recognition and Measurement* to require certain financial guarantee contracts issued by the group to be accounted for in accordance with that Standard. Financial guarantee contracts that are accounted for in accordance with IAS39 are measured initially at their fair values, and subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies as set out below.

The Directors of the company have considered the amendments of IAS 39 *Financial Instruments: Recognition and Measurement* and have assessed the impact on the financial statements. The possibility of having to exercise their obligation under the guarantee contracts is remote and thus does not meet the initial recognition criteria in accordance with IAS37.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS
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Taxation (continued)

Deferred tax liabilities are recongized for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars (US$), which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences are recognised in the profit and loss in the period in which they arise.

2. Accounting policies (continued)

Foreign currencies (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in United States Dollars using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Exchange differences arising on the retranslation of the opening net assets of the group's foreign operations are shown as a movement in the foreign exchange reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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 the 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 IT components which are stated at the lower of cost and net realizable 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. Net realizable value represents the estimated selling price for inventories less all cost necessary to make the sale.

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 company and the group has a legal or constructive present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for warranty costs are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the company's and the group's obligation.

2. Accounting policies (continued)

Revenue recognition

Revenue represents amounts invoiced to customers in respect of sales of goods during the year and is stated net of trade discounts, rebates, customer returns and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group and the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group and the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance Leases

Assets held under finance leases are initially recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.
Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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2. Accounting policies (continued)

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

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

Comparative figures
Where necessary, comparative figures have been restated to coincide with current year's financial statements.

Critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty

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 and the company 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 in the current year is appropriate.

Warranty provisions
Warranty provisions represent the group's and the company'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.

3. Financial expense, net

The Group	**2006 US$**	**2005 US$**
Interest income	115.831	131.672
Interest on taxation	-	65.578
Other financial income	6.629	29.386
Exchange gain	19.811	-
	142.271	226.636
Bank interest	1.620.161	1.209.602
Bank charges	609.832	590.544
Interest to suppliers	228.212	-
Factoring charges	1.125.496	950.165
Other financial expenses	22.998	31.420
Other interest	241.471	216.257
Exchange loss	-	557.887
Interest on taxation	1.936	2.614
	(3.850.106)	(3.558.489)
Net	(3.707.835)	(3.331.853)

NOTES TO THE FINANCIAL STATEMENTS
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3. Financial expense, net (continued)

The Company	**2006 US$**	**2005 US$**
Interest income	107.420	94.514
Interest on taxation	-	65.578
	107.420	160.092
Bank interest	441.652	390.606
Bank charges	234.854	195.744
Interest to suppliers	228.212	-
Factoring charges	11.159	53.980
Cash incentive bonus	-	108.754
Interest on taxation	1.936	2.614
Exchange loss	112.018	6.574
Other interest	7.385	25.985
	(1.037.216)	(784.257)
Net	(929.796)	(624.165)

4. Other income

The Group	**2006 US$**	**2005 US$**
Profit on disposal of property, plant and equipment	11.546	28.969
Bad debts recovered	77.360	46.422
Other income	294.332	265.151
	383.238	340.542

The Company	**2006 US$**	**2005 US$**
Other income	16.659	57.563
Dividends received	650.000	-
Profit on disposal of subsidiary	-	156.398
(Loss)/profit on disposal of property, plant and equipment	(529)	15.218
	666.130	229.179

5. Listing expenses written off

On 25th October 2006, the company was listed on the Alternative Investment Market of the London Stock Exchange. In the process of listing the company's shares on the Alternative Investment Market, certain costs were incurred which have been expensed to the income statement. These expenses are of a non-recurring nature and are costs incurred which are directly attributable to the company's listing.

6. Profit before taxation

The Group

Profit before taxation is stated after crediting:

	2006 US$	**2005 US$**
(a) Depreciation	1.133.232	1.097.413
(b) Amortisation of intangible assets	710.085	602.464
(c) Auditors' remuneration	630.681	573.307

The Company

The profit before taxation is stated after charging:

	2006 US$	**2005 US$**
(a) Depreciation	311.247	302.050
(b) Amortisation of intangible assets	582.505	475.386
(c) Auditors' remuneration	233.243	207.185
(d) Directors' remuneration – executive	562.709	400.200
(e) Directors' remuneration – non-executive	21.000	-

(Expressed in United States Dollars)

7. Taxation

The Group	**2006 US$**	**2005 US$**
(Debit)/credit balance 1 January	(76.446)	158.611
Provision for the year	1.622.736	932.416
Underprovision of prior years	4.406	3.344
Amounts paid, net	(1.272.515)	(1.170.817)
Credit/(debit) balance 31 December	278.181	(76.446)

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 company to be taxed under the transitional rules at the rate of 4,25% until 31 December 2005. However, the other Cyprus resident companies of the group were taxed at the rate of 10%. In the current year all Cyprus resident companies of the group are taxed at 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 (companies or individuals tax resident outside Cyprus) would not be subject to withholding tax in Cyprus, regardless of the existence of a Treaty between Cyprus and the country of residence of the shareholders.

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

	2006 US$	**2005 US$**
Provision for the year	1.622.736	932.416
Underprovision of prior years	4.406	3.344
Deferred tax charge	61.674	3.620
Charge for the year	1.688.816	939.380

(Expressed in United States Dollars)

7. Taxation (continued)

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:

	2006 US$	2005 US$
Income assessed to tax in Cyprus at 10%	8.320.449	1.786.130
Income assessed to tax in Cyprus at 4,25%	-	5.762.043
Income subject to overseas Tax	2.841.367	1.769.470
Accounting profit	11.161.816	9.317.643
Corporation tax thereon at the applicable rate of 10%	832.045	178.613
Corporation tax thereon at the applicable rate of 4,25%	-	244.887
Tax on income not taxable in determining taxable profit	(9.427)	(9.302)
Temporary differences	7.887	683
Tax on non-allowable expenses	179.458	29.051
Additional tax 10%	31.486	12.547
	1.041.449	456.479
Special contribution to defence fund	35.631	6.558
Underprovision of prior years	4.406	3.344
Deferred tax charge	61.674	3.620
Tax on income subject to overseas tax	545.657	469.379
Taxation charge for the year	1.688.817	939.380

The Company	2006 US$	2005 US$
Credit/(debit) balance 1 January	8.552	(225.745)
Underprovision of prior years	-	36.682
Provision for the year	784.866	281.188
Amount paid	(597.322)	(119.995)
Exchange loss	-	36.422
Credit balance 31 December	196.096	8.552

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

	2006 US$	2005 US$
Accounting profit before taxation and after write off of listing expenses	6.135.652	5.762.043
Corporation tax thereon at the applicable rate of 10%/4,25%	613.565	244.887
Tax effects of:		
Tax on income not taxable in determining taxable profit	(74.427)	(9.302)
Temporary differences	8.113	868
Tax on non allowable expenses	179.451	29.051
Additional tax (10%)	22.533	9.126
	749.235	274.630
Special contribution to defence fund	35.631	6.558
Underprovision of prior years	-	36.682
Deferred tax liability	3.288	5.978
	788.154	323.848

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7. Taxation (continued)

The taxation charge for the year consists of the following:

	2006 US$	2005 US$
Provision for the current year	749.235	274.630
Special contribution to defence fund	35.631	6.558
Deferred tax charge	3.288	5.978
Underprovision of prior years	-	36.682
	788.154	323.848

	2006 US$	2005 US$
Deferred tax		
The Group		
Deferred tax liability:		
The deferred tax liability relates to excess of capital allowances over depreciation	44.997	8.295
The Company		
Deferred tax liability:		
The deferred tax liability relates to excess of capital allowances over depreciation	74.294	71.006

8. Trade receivables

The Group	2006 US$	2005 US$
Trade receivables	150.948.946	112.407.759
Allowance for doubtful debts	(2.158.575)	(1.436.667)
	148.790.371	110.971.092

The Company	2006 US$	2005 US$
Trade receivables	68.543.529	46.003.204
Allowance for doubtful debts	(225.873)	(191.022)
	68.317.656	45.812.182

9. Other current assets

The Group	2006 US$	2005 US$
Other debtors and prepayments	2.070.308	1.823.852
VAT and other taxes refundable	1.878.527	1.115.769
Loan due from fellow subsidiary	118.096	110.000
Loans advanced	24.165	164.120
Advances to suppliers	114.802	404.416
Employee floats	137.511	74.427
Deposits	199.612	327.857
Amount due from ultimate holding company	63.205	-
Amount due from executive directors	120.130	-
	4.726.356	4.020.441

The Company	2006 US$	2005 US$
Other debtors and prepayments	875.001	828.624
Loan due from fellow subsidiary	118.096	110.000
Loans advanced to employees	22.000	98.640
Amount due from subsidiary companies	27.212.930	37.837.890
Loans due from subsidiary companies	1.310.737	1.012.500
VAT refundable	55.284	-
Amount due from executive directors	120.130	-
Amount due from ultimate holding company	63.205	-
	29.777.383	39.887.654

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

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10. Property, plant and equipment

The Group	Land and buildings	Warehouse machinery	Furniture and fittings	Office equipment	Motor vehicles	Computer hardware	Total
Cost	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
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 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	349.604	13.544	49.217	89.571	154.027	194.770	850.733
Additions from the acquisition of subsidiary	-	44.427	1.601	1.194	61.314	4.488	113.024
Additions	63.544	-	251.445	138.828	265.711	385.147	1.104.675
Disposals	-	-	(1.955)	(33.631)	(158.180)	(113.950)	(307.716)
At 31 December 2006	5.148.022	143.590	962.773	1.230.324	1.764.373	3.224.811	12.473.893
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)
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 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	34.037	6.400	23.474	64.590	83.092	147.882	359.475
Charge for the year	142.418	31.545	85.436	131.714	243.163	498.956	1.133.232
On acquisition of subsidiary	-	14.068	114	131	19.149	1.085	34.547
Disposals	-	-	(1.822)	(31.513)	(123.861)	(107.631)	(264.827)
At 31 December 2006	638.942	95.850	426.337	711.260	1.057.581	2.381.994	5.311.964
Net book value							
31 December 2006	4.509.080	47.740	536.436	519.064	706.792	842.817	7.161.929
31 December 2005	4.272.387	41.782	343.330	488.024	605.463	912.654	6.663.640

The Company	Land and buildings	Furniture and fittings	Office equipment	Motor vehicles	Computer hardware	Total
Cost	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
At 1 January 2005	1.550.918	230.772	130.459	275.159	1.019.398	3.206.706
Additions	-	36.919	57.401	-	156.418	250.738
Disposals	-	(557)	(186)	(23.985)	(4.925)	(29.653)
At 1 January 2006	1.550.918	267.134	187.674	251.174	1.170.891	3.427.791
Additions	-	22.367	21.597	34.150	79.753	157.867
Disposals	-	(107)	(325)	-	(285)	(717)
At 31 December 2006	1.550.918	289.394	208.946	285.324	1.250.359	3.584.941
Accumulated depreciation						
At 1 January 2005	130.833	92.362	49.121	187.859	533.336	993.511
Charge for the year	46.998	24.525	14.754	30.544	185.229	302.050
On disposals	-	(225)	(93)	(20.387)	(2.956)	(23.661)
1 January 2006	177.831	116.662	63.782	198.016	715.609	1.271.900
Charge for the year	46.998	28.241	19.228	28.228	188.552	311.247
On disposals	-	(41)	(148)	-	-	(189)
At 31 December 2006	224.829	144.862	82.862	226.244	904.161	1.582.958
Net book value						
31 December 2006	1.326.089	144.532	126.084	59.080	346.198	2.001.983
31 December 2005	1.373.087	150.472	123.892	53.158	455.282	2.155.891

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11. Intangible assets

The Group	**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)
Additions	383.790	73.887	457.677
Disposals	(74.072)	-	(74.072)
Disposal of subsidiary	(3.080)	-	(3.080)
At 1 January 2006	3.594.088	220.654	3.814.742
Foreign exchange difference on opening balances	94.014	-	94.014
Additions	415.402	110.947	526.349
Disposals	(5.821)	-	(5.821)
At 31 December 2006	4.097.683	331.601	4.429.284
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	(49.328)	-	(49.328)
Elimination on disposal of subsidiary	(907)	-	(907)
At 1 January 2006	2.315.571	55.946	2.371.517
Foreign exchange difference on opening balances	85.253	-	85.253
Charge for the year	560.638	149.447	710.085
Disposals	(5.821)	-	(5.821)
At 31 December 2006	2.955.641	205.393	3.161.034
Net book value			
31 December 2006	1.142.042	126.208	1.268.250
31 December 2005	1.278.517	164.708	1.443.225

The Company

	Computer software US$	**Patents & licences US$**	**Total US$**
Cost			
At 1 January 2005	2.463.915	146.162	2.610.077
Additions	349.888	72.663	422.551
Disposals	(13.412)	-	(13.412)
At 1 January 2006	2.800.391	218.825	3.019.216
Additions	344.532	6.404	350.936
Disposals	(279)	-	(279)
At 31 December 2006	3.144.644	225.229	3.369.873
Accumulated amortisation			
At 1 January 2005	1.189.439	6.485	1.195.924
Charge for the year	426.665	48.721	475.386
Disposals	(3.495)	-	(3.495)
At 1 January 2006	1.612.609	55.206	1.667.815
Charge for the year	497.002	85.503	582.505
Disposals	(54)	-	(54)
At 31 December 2006	2.109.557	140.709	2.250.266
Net book value			
31 December 2006	1.035.087	84.520	1.119.607
31 December 2005	1.187.782	163.619	1.351.401

The cost of computer software includes an amount of US$1.347.544 for two computer software programmes for which the useful economic life is estimated to be five years and its amortisation is calculated on a straight line basis over five years.

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12. Investment in subsidiary companies **The Company**	**2006** **US$**	**2005** **US$**
Shares at cost of acquisition or written down value	2.714.977	2.769.602
Balance at 1 January	2.769.202	2.817.492
Net increase of share capital	-	393.285
Diminution in value of investment	-	(421.175)
Liquidation proceeds / disposal of subsidiary (Note a)	(54.225)	(20.400)
Balance at 31 December	2.714.977	2.769.202

Note a: The subsidiary under liquidation as at 31 December 2006 was:

Subsidiary Company	**Country of incorporation**	**Percentage of participation disposed** **%**	**2006** **US$**
Asbis Fin OY	Finland	100	54.225

The liquidation proceeds represent 100% recovery of the cost of the investment.

At the year end the company held a participation in the following subsidiaries:

Subsidiary Company	**Country of incorporation**	**Percentage of participation** **%**
Asbis Ukraine Limited	Ukraine	100
ISA Hardware 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, spol.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 (Note a)	Cyprus	100
OOO 'Asbis' –Moscow	Russia	100
Asbis Nordic AB	Sweden	100
Asbis Morocco Limited	Moroco	100

** held by Asbis Ukraine Limited*

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12. Investment in subsidiary companies (continued)

Note a: The ISA Hardware Limited Group held a direct or indirect participation in the following subsidiaries:

Subsidiary Company	Country of incorporation	Percentage of participation %
Warranty RU Limited	Russia	100
Comptizon Ltd	British Virgin Islands	100
ISA Hardware s.r.o.	Czech Republic	100
ISA Hardware d.o.o.	Croatia	100
ISA Hardware Hungary Commercial Limited Liability Co	Hungary	100
ISA Hardware International SRL	Romania	100
ISA Hardware s.r.o. Slovakia	Slovakia	100
ISA Hardware d.o.o. Beograd	Serbia	100
ISA Hardware s.r.o. Slovenia	Slovenia	100
ISA Hardware SP.Z.O.O.	Poland	100
Prestigio Technologies (Cyprus) Ltd	Cyprus	100
Prestigio Europe s.r.o.	Czech Republic	100
Prestiogio Limited	Russia	100
Prestigio Ukraine Limited	Ukraine	100
Canyon Technology Ltd	Hong Kong	100
Canyon Technology B.V.	Netherlands	100

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

13. Acquisitions

The Group

During the year a subsidiary company acquired 100% of the share capital of Prestigio Europe spol s.r.o. and Prestigio LLC Russia. As this transaction was considered by the directors a business combination of entities under common control, the provisions of *IFRS 3 "Business Combinations"* have not been applied. Instead the assets and liabilities of the entities acquired have been recorded in the group's consolidated financial statements at their carrying values. The excess between the carrying value of the net assets transferred and the consideration paid, which relates to the profits generated by the above subsidiaries prior to the date of acquisition of US$37.681 has been transferred directly to equity.

The net carrying value of underlying separately identifiable assets and liabilities transferred to the group during the year were as follows:

	2006 US$
Tangible assets	78.474
Inventories	760.668
Receivables	215.181
Other receivables	147.087
Payables and accruals	(1.227.718)
Loans payable	(345.927)
Cash and cash equivalents	430.963
Net identifiable assets and liabilities	58.728
Excess of group's interest in net assets acquired	(37.681)
Total purchase consideration	21.047

Net cash inflow arising on transfer:

Total purchase consideration	(21.047)
Cash and cash equivalents transferred	430.963
Net cash inflow	409.916

(Expressed in United States Dollars)

13. Acquisitions (continued)
The Group (continued)

The excess between the carrying value of the net assets transferred to the group and the consideration paid is analysed as follows:

	US$
Acquisition of:	
Prestigio Europe spol s.r.o.	11.062
Prestigio LLC Russia	26.619
	37.681

14. Investments

	Country of incorporation	*Percentage of participation*	2006	2005
The Group			US$	US$
Shares at cost of acquisition				
Investments held in fellow subsidiaries				
E-Vision Limited	Cyprus	18%	90.000	90.000
Other Investments				
Asekol s.r.o	Czech Republic	9,09%	9.580	-
			99.580	90.000

The Company			US$	US$
Shares at cost of acquisition				
E-Vision Limited	Cyprus	18% (Note a)	90.000	90.000

Note a: The remaining 82% is held by the ultimate holding company KS Holdings Limited.

15. Other current liabilities

	2006	2005
The Group	US$	US$
Factoring creditors (Note α)	9.670.740	9.450.317
Salaries payable and related costs	605.448	625.255
VAT payable	4.265.374	3.899.737
Amount due to directors – executive	53.366	66.217
Amounts due to directors – non-executive	21.000	-
Non-trade accounts payable	3.228.154	2.964.343
Accruals and deferred income	5.116.237	3.526.580
	22.960.319	20.532.449

Note α: The group enjoyed as at 31 December 2006 factoring facilities of US$25.030.728 (2005: US$ 19.436.440). These factoring facilities are secured as mentioned in note 16.

	2006	2005
The Company	US$	US$
Salaries payable and related costs	85.737	74.878
Amount due to subsidiary companies	1.589.396	9.565.421
Amount due to directors – executive	53.366	66.217
Amounts due to directors – non-executive	21.000	-
Non-trade accounts payable	632.880	714.740
Accruals and deferred income	3.360.521	1.787.866
VAT payable	-	362.478
	5.742.900	12.571.600

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

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16. Bank overdrafts and short-term loans

The Group	**2006 US$**	**2005 US$**
Bank overdrafts – Note 21	14.677.165	12.927.415
Bank short term loans	19.494.450	7.213.490
Current portion of long term loans	205.557	174.524
	34.377.172	20.315.429

The group, as at 31 December 2006 enjoyed the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft facilities of US$16.590.934
- short term loans/revolving facilities US$19.819.699
- bank guarantee facilities of US$4.210.843

The group had for the year 2006 cash lines (overdrafts, loans and revolving facilities) and factoring lines. The weighted average cost of debt (cash lines and factoring lines) for 2006 was 9,0% (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 registered in the name of Diamond Properties Ltd (Vendor of the property for the company's head office premises acquired in Limassol) for the amount of US$1.800.000 and assignment of the sales contract between Diamond Properties Ltd and the company
- Mortgage on land and buildings that the group owns in the Czech Republic and Belarus for the amount of US$1.100.000
- 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$3.885.064
- Personal guarantees of the Chairman and Chief Executive Officer

The Company	**2006 US$**	**2005 US$**
Bank overdrafts – Note 21	1.103.256	3.262.584
Bank short term loans	4.536.534	1.000.000
	5.639.790	4.262.584

The company, as at 31 December 2006 enjoyed the following financing facilities from its bankers:

- overdraft facilities of US$4.576.600
- revolving / short term loan facilities US$4.500.000
- bank guarantee facilities US$2.745.728

The overdraft, revolving and factoring facilities granted to the company 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 registered in the name of Diamond Properties Ltd (Vendor of the property for the company's head office premises acquired in Limassol) for the amount of US$1.800.000 and assignment of the sales contract between Diamond Properties Ltd and the company
- Pledge of inventories
- Pledged deposits of US$2.823.945
- Personal guarantees of the Chairman and Chief Executive Officer

The company had for the year 2006 cash lines (overdrafts and revolving facilities) with average cost for the year 2006 of 7,6% (2005: 6,8%)

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	2006	2005
17. Long term liabilities		
The Group	**US$**	**US$**
Bank loans	612.602	568.596
Other long term liabilities	53.456	177.960
	666.058	746.556

The bank loans are secured as described in Note 16.

18. Finance leases	**2006**	**2005**
	US$	**US$**
Obligation under finance lease	219.242	234.060
Less: Amount payable within one year	(144.527)	(87.446)
Amounts payable within 2-5 years inclusive	74.715	146.614

19. Share capital

	2006	2005
	US$	**US$**
Authorised		
63.000.000 (2005: 48.000.000) shares of US$ 0,20 each	12.600.000	9.600.000
Issued, called-up and fully paid		
48.000.000 (2005: 40.000.000) ordinary shares of US$ 0,20 each	9.600.000	8.000.000
- (2005 8.000.000) preference shares of US$ 0,20 each	-	1.600.000
	9.600.000	9.600.000

On 4 September 2006 by a special resolution passed at an extraordinary general meeting of the shareholders of the company it was decided:

a) to increase the authorised share capital from 48.000.000 shares of US$0,20 each to 63.000.000 shares of US$0,20 each

b) to convert the 8.000.000 preference shares of US$0,20 each to 8.000.000 ordinary shares of US$0,20 each.

20. Minority interest

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

	Country of incorporation	Percentage of participation 2006	2005
		%	**%**
OOO "Elko Computers" – Minsk	Belarus	-	40

	2006	2005
	US$	**US$**
Balance at 1 January	-	49.150
Exchange difference arising on the conversion of foreign subsidiaries	-	525
Minority interest during the year		
000 "Elko Computers" – Minsk	-	55.959
Minority interest on disposal	-	(105.634)
Balance at 31 December	-	-

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21. Cash and cash equivalents

The Group	**2006 US$**	**2005 US$**
Cash at bank	27.927.606	25.106.038
Bank overdrafts – Note 16	(14.677.165)	(12.927.415)
	13.250.441	12.178.623

The cash at bank balances include an amount of US$ 3.885.064 (2005: US$3.804.178) which represents pledged deposits.

The Company	**2006 US$**	**2005 US$**
Cash at bank	17.525.996	15.051.522
Bank overdrafts – Note 16	(1.103.256)	(3.262.584)
	16.422.740	11.788.938

The cash at bank balances include an amount of US$ 2.823.945 (2005: US$ 2.820.289) which represents pledged deposits.

22. Commitments and contingencies

As at 31 December 2006 the group and the company were committed in respect of purchases of inventories of a total cost value of US$ 13.543.819 (2005: US$ 4.733.707) which were in transit at 31 December 2006 and delivered in January 2007. Such inventories and the corresponding liability towards the supplier have not been included in these financial statements 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 2006 the group and the company were contingently liable in respect of bank guarantees of US$4.210.843 which the group had extended mainly to vendors as at 31 December 2006 (company US$2.745.728) in order to secure the group's and company's liabilities towards its vendors which are reflected in the financial statements under trade payables.

As at 31 December 2006 the company was contingently liable for the amount of US$37.4 million in respect of corporate guarantees given to financial institutions as security for financing facilities granted to the subsidiary companies. The liabilities of the subsidiary companies covered by the said corporate guarantees are reflected in note 16 of the financial statements.

As at 31 December 2006 the group and the company had no other legal commitments and contingencies.

23. 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 and the company undertook during the year on an arm's-length basis transactions with the fellow subsidiary company E-Vision Limited and its subsidiaries as follows:

The Group and the Company	**2006 US$**	**2005 US$**
E-Vision purchase of services and computer software	570.000	587.120
Interest income	8.096	7.190

Related party balances	**2006 US$**	**2005 US$**
Loan due from fellow subsidiary company (note 9)		
E-Vision Limited	118.096	110.000
Included in non trade accounts payable (note 15)		
E-Vision Limited	-	18.500

The loan receivable from E-Vision Limited is unsecured and bears interest at 3 months Libor + 2% per annum.

(Expressed in United States Dollars)

24. Related party transactions and balances (continued)

The Company

In the normal course of business, the company undertook during the year on an arm's-length basis transactions with its subsidiary companies as follows:

	Sales of goods		Purchases of goods		Amounts owed by related parties		Amounts owed to related parties	
	2006	2005	2006	2005	2006	2005	2006	2005
	US$	US$	US$	US$	US$	US$	US$	US$
Subsidiary companies	244.510.693	258.740.952	16.697.767	18.442.074	27.212.930	37.837.890	1.589.396	9.565.421

	2006 US$	2005 US$
Loans due from subsidiary companies (note 9)	1.310.737	1.012.500

The loans due from subsidiary companies consist of 3 loans, 2 of which are interest free and one loan bearing interest at 6% per annum.

Transactions and balances of key management

	2006 US$	2005 US$
Directors' remuneration - executive	562.709	400.200
Directors' remuneration - non executive	21.000	-
	583.709	400.200
Amount due to directors - executive	53.366	66.217
- non executive	21.000	-
	74.366	66.217
Amounts due from directors (note 9)	120.130	-

25. Personnel expenses and average number of employees

The Group

	2006 US$	2005 US$
Salaries and other benefits	15.249.975	12.832.872
The average number of employees was	788	649

The Company

	2006 US$	2005 US$
Salaries and other benefits	3.074.077	3.093.705
The average number of employees was	99	96

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26. Earnings per share

	2006 US$	2005 US$
Profit for the year attributable to members	9.473.000	8.322.304
Weighted average number of shares for the purposes of basic and diluted earnings per share	48.000.000	48.000.000
	Cents	**Cents**
Basic and diluted earnings per share	19,7	17,3

27. Dividends

	2006 US$	2005 US$
Final proposed dividend	960.000	960.000

The Board of Directors propose the payment of a final dividend of US$0,02 per share for the year ended 31 December 2006 (total proposed dividend – US$960.000) which will be submitted for approval at the forthcoming annual general meeting. The proposed dividend for the year 2006 has not been recognized as a liability as at 31 December 2006 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.
The proposed dividend for the year 2005 was approved at the 2006 annual general meeting of the company and was paid during the year.

28. Segmental reporting

The group operates in a single segment of the distribution of IT components in a number of geographical regions.
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	
	2006 US$	**2005 US$**
Former Soviet Union	491.246.643	453.459.232
Eastern Europe	342.540.983	313.126.344
Western Europe	88.783.690	84.898.710
Middle East & Africa	68.656.262	54.865.258
Other	17.567.019	24.039.738
Total revenue	1.008.794.597	930.389.282

29. 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 credit insurance policies in place and also implemented internal policies 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. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

30. Events after the balance sheet date

No significant events occurred after the balance sheet date.