



ELKO GRUPA AS

Unaudited Consolidated Financial Statements
For 9 months ended 30 September 2017

Structure

| | Page |
|-------------------------------------------------------|-------------|
| Management report | 3 |
| Statement of Directors' responsibility | 5 |
| Consolidated balance sheet | 6 |
| Consolidated income statement | 7 |
| Consolidated statement of changes in equity | 8 |
| Consolidated cash flow statement | 9 |
| Notes to the consolidated financial statements | 10 |

AS ELKO Grupa Management report on interim consolidated financial statements for 9 months ended 30 September 2017

Business activities

ELKO Grupa AS (hereinafter – the Company) is one of the region's largest distributors of IT products and solutions. The ELKO Group represents 180 IT manufacturers, and provides a wide range of products and services to more than 7 000 retailers, local computer manufacturers, system integrators and enterprises within various sectors in 30 countries in Europe and Central Asia. Currently, ELKO employs more than 700 people and is headquartered in Riga, Latvia. The key to the success of ELKO Grupa AS, as the parent company, is the long-term strategy for cooperation with vendors developed over the years, a centralized purchase system, and the functionality of business-process and financial management.

Financial analysis

ELKO Grupa AS consolidated turnover in the first nine months of 2017 reached USD 1 064m (EUR 955m) which is a 13.5% increase over the corresponding period in 2016. This is explained by organic growth and by consolidating the results of Gandalf Distribution AB into the ELKO Group, starting from July 2017. Gross profit reached USD 50.6m (EUR 45.4m), an increase of 33% compared to the previous year. The increase in Gross Profit reflects the Company's focus on withdrawing from the outsourcing of some business operations, mainly in the CIS region, and on optimizing operations.

Prospects

The Company's performance is and will be influenced by macroeconomic, competitive and political factors and the development of markets where the Company has cooperation partners. The key factors driving the Company's growth were significant expansion of the product portfolio, and the addition of new distribution areas to existing distribution agreements during the nine months under review. Consequently, ELKO managed to grow faster than the market as a whole, with turnover growth of 13.5% compared to the nine months of the previous year.

The stabilization of CIS market conditions and the trend towards slow growth, as well as recent expansions, allow the Company to estimate it will conclude the year with an approximate 10% increase in annual turnover, year-on-year.

In the light of given market risks, management has assigned priority to the continuous management of working capital.

Significant events during the reporting period

During the first half of 2017, ELKO went through a rebranding process by developing new positioning and a visual identity of its brand. The new logo and the story behind it are the first visible evidence of how ELKO is integrated into the transformation of the industry, improving efficiency and ensuring sustainable development. During July 2017, the Company prolonged its current syndicate credit line. In July, the deal for acquisition of an 85% shareholding in Swedish company Gandalf Distribution AB – one of the leading distributors of computer and peripheral products in Sweden was completed. In July, the Company also extended its business presence to Poland by outsourcing a local sales team for the distribution of IT and consumer products.

ELKO Grupa AS structure

ELKO Grupa AS has shareholdings in the following subsidiaries: ELKO Lietuva UAB, ELKOTEX d.o.o., ELKO Eesti OU, ELKOTech Romania SRL, WESTech spol. s r.o., WESTech CZ s r.o., ELKO Trading Switzerland A.G., Elko Marketing Ltd., ELKO Mobile Ltd., ELKO Ukraine LLC, Alma LLC, ELKO Kazakhstan LLP, AST Balts SIA and Gandalf Distribution AB.

ELKO Grupa AS holds a majority shareholding in all of the above subsidiaries.

Financial risk management

Multi-currency risk

The Company operates internationally and is exposed to foreign exchange risks accordingly, primarily from the US dollar, euro, Russian rouble, Romanian lei and Swedish krona. Foreign exchange risks arise from future multi-currency transactions and the recognition of assets, liabilities and long-term investments in a variety of currencies.

The purchase of goods is predominantly in US dollars, but sales are conducted in different currencies. In the CIS region, the main currency is US dollar and Russian rouble, but in the Baltics, trade is conducted in euros. CEE countries Slovakia and Slovenia trade in euros, but Romania in its national currency – the Romanian lei. In the Nordic region, most sales are transacted in Swedish krona.

The Company has shareholdings in foreign currencies and is therefore exposed to foreign currency risk when financial assets and liabilities denominated in foreign currencies are translated into the presentation currency – the US dollar.

Currency risk is actively mitigated by using different tools. The Company has centrally developed and globally applied currency risk management policies and procedures.

Management report (cont'd)**Financial risk management (cont'd)*****Interest-rate risk***

The Company utilises short-term borrowing for the partial financing of its current assets. All of the borrowings are at floating rates, thus exposing the Company to interest rate risks.

Credit risk

Credit risks arise from credit exposure to outstanding trade receivables. The Company has implemented procedures and control mechanisms to manage credit risks. Credit risk is partly minimized through credit-risk insurance, but mainly the risk is minimized by internally developed conservative credit-monitoring policies. Individual risk limits are set based on internal or external ratings in accordance with the credit policy. The utilisation of credit limits is regularly monitored.

Inventories

The Company determines the amount of inventories based on expected future demand and market saturation. Any changes in demand and/or rapid obsolescence of products or technological changes will result in excess stock and the accumulation of obsolete items. The Company makes centralised plans for the purchase and sale of products. Furthermore, upgrading the procedure for placing orders has helped decrease inventory days. Weekly inventory analysis minimises the need to establish provisions for obsolete items. The risk related to product flow management is partially reduced through price-protection arrangements under the cooperation agreements with major vendors. The agreements provide the rights to claim compensation on pre-ordered goods in the warehouse in cases of price reduction or declines in market prices.

Liquidity risk

Prudent liquidity-risk management includes maintaining sufficient cash, the availability of funding from a sufficient number of committed credit facilities. In the future, the Company's management plans to increase the liquidity reserve based on the expected cash flows by improving the management of working capital.

Events after the balance sheet date

There have been no subsequent events after the last date of the reporting period that would have a significant effect on the financial position of the Company as at 30 September 2017.



Egons Mednis
Chairman of the Board

Statement of Directors' responsibility

The Board of AS ELKO Grupa confirms that based on the information available at the time of the preparation of the financial statements, the consolidated interim financial statements give true and fair view in all material aspects of the financial position of the Group as of September 30, 2017 and of its financial operations for the period ended 30 September 2017. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. During the preparation of the financial statements the management has:

on consistent basis applied appropriate accounting methods;
has provided well-grounded and prudent conclusions and evaluations;
has followed the going concern principle.

The Board of Directors of AS ELKO Grupa is responsible for the maintenance of proper accounting records so that at the appropriate moment the financial records would show the true and fair view of the financial position of the Group and would ensure the possibility for the management to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.




Egons Mednis
Chairman of the Board

Consolidated balance sheet

| | Note | 30.09.2017 USD'000 | 31.12.2016 USD'000 | 30.09.2017 EUR'000 | 31.12.2016 EUR'000 |
|-------------------------------------------|------|-----------------------|-----------------------|-----------------------|-----------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | | 15,367 | 2,065 | 13,016 | 1,959 |
| Intangible assets | | 941 | 510 | 797 | 484 |
| Long term loans | | 35 | 3,611 | 30 | 3,426 |
| | | 16,343 | 6,186 | 13,843 | 5,869 |
| Current assets | | | | | |
| Inventories | | 209,188 | 263,968 | 177,188 | 250,420 |
| Current income tax receivable | | 4,179 | 2,307 | 3,540 | 2,188 |
| Trade and other receivables | | 165,845 | 197,024 | 140,475 | 186,914 |
| Derivative financial instruments | | 10 | 4 | 8 | 3 |
| Cash deposits | | 1,100 | 1,000 | 932 | 949 |
| Cash and cash equivalents | | 26,557 | 17,543 | 22,494 | 16,642 |
| | | 406,879 | 481,846 | 344,637 | 457,116 |
| Total assets | | 423,222 | 488,032 | 358,480 | 462,985 |
| EQUITY | | | | | |
| holders of the Company | | | | | |
| Ordinary shares | | 11,114 | 11,114 | 9,785 | 9,785 |
| Share premium | | 5,996 | 5,996 | 4,974 | 4,974 |
| Translation reserve | | (9,940) | (12,699) | (2,554) | 4,161 |
| Retained earnings | | 87,485 | 81,827 | 67,970 | 62,892 |
| | | 94,655 | 86,238 | 80,175 | 81,812 |
| Non-controlling interest in equity | | 8,093 | 6,277 | 6,855 | 5,955 |
| Total equity | 3 | 102,748 | 92,515 | 87,030 | 87,767 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Interest-bearing loans and borrowings | | 9,466 | 8,452 | 8,018 | 8,018 |
| | 4 | 9,466 | 8,452 | 8,018 | 8,018 |
| Current liabilities | | | | | |
| Trade and other payables | | 198,007 | 274,464 | 167,718 | 260,377 |
| Interest-bearing loans and borrowings | 4 | 111,440 | 110,947 | 94,392 | 105,253 |
| Income tax payable | | 1,519 | 576 | 1,287 | 547 |
| Derivative financial instruments | | 42 | 1,078 | 35 | 1,023 |
| | | 311,008 | 387,065 | 263,432 | 367,200 |
| Total liabilities | | 320,474 | 395,517 | 271,450 | 375,218 |
| Total equity and liabilities | | 423,222 | 488,032 | 358,480 | 462,985 |

The notes on pages 10 to 12 are an integral part of these consolidated financial statements.

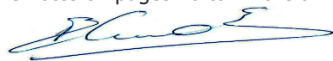


Egons Mednis
Chairman of the Board

Consolidated income statement

| | Note | Jan-Sep 2017 USD'000 | Jan-Sep 2016 USD'000 | Jan-Sep 2017 EUR'000 | Jan-Sep 2016 EUR'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------------------------|----------------------------|----------------------------|----------------------------|
| Revenue | 2 | 1,064,253 | 937,913 | 955,031 | 840,293 |
| Cost of sales | | (1,013,616) | (899,935) | (909,590) | (806,268) |
| Gross profit | | 50,637 | 37,978 | 45,441 | 34,025 |
| Distribution expenses | | (7,219) | (3,936) | (6,478) | (3,526) |
| Administrative expenses | | (20,279) | (16,471) | (18,198) | (14,756) |
| Other income | | 327 | 210 | 293 | 188 |
| Other expenses | | (3,997) | (2,597) | (3,587) | (2,328) |
| Operating profit | | 19,469 | 15,184 | 17,471 | 13,603 |
| Finance income | | 929 | 311 | 834 | 279 |
| Finance expenses | | (11,066) | (7,786) | (9,931) | (6,975) |
| Finance income/ (expenses) – net | | (10,137) | (7,475) | (9,097) | (6,696) |
| Profit before income tax | | 9,332 | 7,709 | 8,374 | 6,907 |
| Income tax expense | 5 | (2,240) | (1,327) | (2,010) | (1,189) |
| Profit for the period | | 7,092 | 6,382 | 6,364 | 5,718 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 5,658 | 6,985 | 5,078 | 6,258 |
| Non-controlling interest | | 1,434 | (603) | 1,287 | (540) |
| | | 7,092 | 6,382 | 6,365 | 5,718 |
| Earnings per share (basic and diluted) for profit attributable to the equity holders of the Company during the year (expressed in USD and EUR per share) | 6 | 0.58 | 0.71 | 0.52 | 0.64 |
| Other comprehensive income to be reclassified to profit loss in subsequent periods | | | | | |
| Exchange differences on translation of foreign operations | | 2,501 | 3,170 | (7,690) | 939 |
| Total comprehensive income to be reclassified to profit loss in subsequent periods for the year | | 9,593 | 9,552 | (1,325) | 6,657 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 8,417 | 9,896 | (1,637) | 6,999 |
| Non-controlling interest | | 1,176 | (344) | 312 | (342) |
| | | 9,593 | 9,552 | (1,325) | 6,657 |

The notes on pages 10 to 12 are an integral part of these consolidated financial statements.



Egons Mednis
Chairman of the Board

Consolidated statement of changes in equity

| | Share capital | Share premium | Retained earnings | Translation reserve | Total | Non-controlling interest | Total equity |
|-----------------------------------------------------|---------------|---------------|-------------------|---------------------|---------------|--------------------------|----------------|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Balance at 1 January 2016 | 11,114 | 5,996 | 79,114 | (11,884) | 84,340 | 13,499 | 97,839 |
| Currency translation differences | - | - | - | (815) | (815) | (176) | (991) |
| Profit for the period | - | - | 8,813 | - | 8,813 | (283) | 8,530 |
| Total recognized income and expense for 2016 | - | - | 8,813 | (815) | 7,998 | (459) | 7,539 |
| Dividend relating to prior years | - | - | (6,100) | - | (6,100) | (6,763) | (12,863) |
| Balance at 31 December 2016 | 11,114 | 5,996 | 81,827 | (12,699) | 86,238 | 6,277 | 92,515 |
| Balance at 1 January 2017 | 11,114 | 5,996 | 81,827 | (12,699) | 86,238 | 6,277 | 92,515 |
| Currency translation differences | - | - | - | 2,759 | 2,759 | (258) | 2,501 |
| Profit for the period | - | - | 5,658 | - | 5,658 | 1,434 | 7,092 |
| Total recognized income and expense for 2017 | - | - | 5,658 | 2,759 | 8,417 | 1,176 | 9,593 |
| Dividend relating to prior years | - | - | - | - | - | 640 | 640 |
| Balance at 30 September 2017 | 11,114 | 5,996 | 87,485 | (9,940) | 94,655 | 8,093 | 102,748 |

| | Share capital | Share premium | Retained earnings | Translation reserve | Total | Non-controlling interest | Total equity |
|-----------------------------------------------------|---------------|---------------|-------------------|---------------------|----------------|--------------------------|----------------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Balance at 1 January 2016 | 9,785 | 4,974 | 60,429 | 2,281 | 77,469 | 12,399 | 89,868 |
| Currency translation differences | - | - | - | 1,880 | 1,880 | (107) | 1,773 |
| Profit for the period | - | - | 7,963 | - | 7,963 | (255) | 7,708 |
| Total recognized income and expense for 2016 | - | - | 7,963 | 1,880 | 9,843 | (362) | 9,481 |
| Dividend relating to prior years | - | - | (5,500) | - | (5,500) | (6,082) | (11,582) |
| Balance at 31 December 2016 | 9,785 | 4,974 | 62,892 | 4,161 | 81,812 | 5,955 | 87,767 |
| Balance at 1 January 2017 | 9,785 | 4,974 | 62,892 | 4,161 | 81,812 | 5,955 | 87,767 |
| Currency translation differences | - | - | - | (6,715) | (6,715) | (975) | (7,690) |
| Profit for the period | - | - | 5,078 | - | 5,078 | 1,287 | 6,365 |
| Total recognized income and expense for 2017 | - | - | 5,078 | (6,715) | (1,637) | 312 | (1,325) |
| Dividend relating to prior years | - | - | - | - | - | 588 | 588 |
| Balance at 30 September 2017 | 9,785 | 4,974 | 67,970 | (2,554) | 80,175 | 6,855 | 87,030 |

The notes on pages 10 to 12 are an integral part of these consolidated financial statements.

Consolidated cash flows statement

| | Jan-Sep 2017 USD'000 | Jan-Sep 2016 USD'000 | Jan-Sep 2017 EUR'000 | Jan-Sep 2016 EUR'000 |
|-------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | | | |
| Profit before tax | 9,332 | 7,709 | 8,374 | 6,907 |
| Adjustment to reconcile profit before tax to net cash flows | | | | |
| Depreciation and amortization | 994 | 606 | 892 | 543 |
| Loss on disposal of property, plant and equipment | | | | |
| Interest income | (929) | (311) | (834) | (279) |
| Interest expenses | 11,066 | 7,786 | 9,931 | 6,975 |
| Fair value (gain)/losses on derivative financial instruments, net | (1,043) | 3,190 | (993) | 2,919 |
| Movements in provisions and allowances | - | - | - | - |
| Working capital adjustments: | | | | |
| Decrease/(Increase) in trade and other receivables | 29,307 | (77,096) | 45,087 | (66,391) |
| Decrease/(Increase) in inventories | 54,780 | (29,191) | 73,232 | (21,146) |
| (Decrease) in trade and other payables | (69,643) | 72,247 | (96,286) | 58,416 |
| Interest received | 929 | 311 | 834 | 279 |
| Income tax paid | (2,240) | (1,327) | (2,010) | (1,189) |
| Net cash flows used in operating activities | 32,553 | (16,076) | 38,227 | (12,966) |
| Cash flows from investing activities | | | | |
| Proceeds from sale of property, plant and equipment | 6 | 55 | 5 | 49 |
| Purchases of property, plant and equipment and intangible assets | (14,727) | (1,347) | (12,262) | (1,164) |
| Proceeds from cash deposits | 100 | (1,180) | 85 | (1,057) |
| Net cash flows from / (used in) investing activities | (14,621) | (2,472) | (12,172) | (2,172) |
| Cash flows from financing activities | | | | |
| Proceeds from bank overdrafts, net | 1,507 | 23,895 | (10,861) | 19,478 |
| Dividends paid to equity holders of the parent | - | (6,139) | - | (5,500) |
| Dividends paid to the Minority shareholders | 640 | (6,763) | 588 | (6,330) |
| Interest paid | (11,066) | (7,786) | (9,931) | (6,975) |
| Net cash flows (used in) / from financing activities | (8,918) | 3,207 | (20,204) | 673 |
| Net decrease in cash and cash equivalents | 9,014 | (15,341) | 5,851 | (14,466) |
| Cash and cash equivalents at beginning of the year | 17,543 | 31,958 | 16,642 | 29,354 |
| Cash and cash equivalents at end of the period | 26,557 | 16,617 | 22,493 | 14,888 |

The notes on pages 10 to 12 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General principles

These interim consolidated financial statements for 9 months ended 30 September 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016.

2. Segment information

Geographical segments by location of customers

The Group considers geography as its only reporting segment. The range of products sold by the Group, classes of its customers and distribution channels do not represent separate business segments as they are not subject to different risks and returns. Accordingly, the Group has only one business segment.

At 30 September 2017, it is organized into three main geographical segments by location of customers:

(1) The Baltic area relates to Latvia, Lithuania and Estonia

(2) Central and Eastern Europe area relates to Slovakia, Slovenia, Romania, Czech Republic and other countries

(3) The area of CIS relate to Russia, Ukraine and Kazakhstan.

(4) The Nordic area is Sweden. The purchasing of inventory from vendors as well as financing is managed by the Company globally. Therefore, financing items like interest income and expense, as well as cash and borrowings are managed on a global basis at corporate level. This activity is further referred to as central operation.

Therefore, the Group measures geographical segment performance, including corporate performance, based on the segment's operating result. Unallocated remain operating expenses of the central operation.

The segment results for 9 months ended 30 September 2017 are as follows for USD:

| | The Baltic | The Nordic * | Central and Eastern Europe | CIS and other countries | Adjustments and eliminations | Group |
|-----------------------|-------------------|---------------------|-----------------------------------|--------------------------------|-------------------------------------|------------------|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Third-party revenue | 80,656 | 19,281 | 395,188 | 569,128 | - | 1,064,253 |
| Inter-segment revenue | 244,023 | - | 7,938 | 52,428 | (304,389) | - |
| Revenue | 324,679 | 19,281 | 403,126 | 621,556 | (304,389) | 1,064,253 |

** The Nordic area revenue starts from July 2017*

The segment results for 9 months ended 30 September 2016 are as follows for USD:

| | The Baltic | The Nordic * | Central and Eastern Europe | CIS and other countries | Adjustments and eliminations | Group |
|-----------------------|-------------------|---------------------|-----------------------------------|--------------------------------|-------------------------------------|----------------|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Third-party revenue | 76,615 | - | 370,858 | 490,441 | - | 937,913 |
| Inter-segment revenue | 206,053 | - | 310 | 77,987 | (284,350) | - |
| Revenue | 282,668 | - | 371,168 | 568,428 | (284,350) | 937,913 |

The segment results for 9 months ended 30 September 2017 are as follows for EUR :

| | The Baltic | The Nordic * | Central and Eastern Europe | CIS and other countries | Adjustments and eliminations | Group |
|-----------------------|-------------------|---------------------|-----------------------------------|--------------------------------|-------------------------------------|----------------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Third-party revenue | 72,378 | 17,302 | 354,631 | 510,720 | - | 955,031 |
| Inter-segment revenue | 218,624 | - | 7,112 | 46,971 | (272,707) | - |
| Revenue | 291,003 | 17,302 | 361,743 | 557,691 | (272,707) | 955,031 |

The segment results for 9 months ended 30 September 2016 are as follows for EUR :

| | The Baltic | The Nordic * | Central and Eastern Europe | CIS and other countries | Adjustments and eliminations | Group |
|-----------------------|-------------------|---------------------|-----------------------------------|--------------------------------|-------------------------------------|----------------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Third-party revenue | 68,641 | - | 332,258 | 439,395 | - | 840,293 |
| Inter-segment revenue | 184,606 | - | 278 | 69,870 | (254,754) | - |
| Revenue | 253,247 | - | 332,536 | 509,265 | (254,754) | 840,293 |

Notes to the consolidated financial statements

2. Segment information (continued)

Segment assets consist primarily of equipment, intangible assets, inventories, trade and other receivables, cash and cash equivalents. Unallocated assets comprise principally the central operations' equipment, inventory and other receivables from non-related parties.

The segment assets as at 30 September 2017 are as follows:

| | The Baltic | The Nordic * | Central and Eastern Europe and other countries | CIS | Adjustments and eliminations | Group |
|--------|-------------------|---------------------|-------------------------------------------------------|----------------|-------------------------------------|----------------|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Assets | 214,860 | 23,030 | 110,927 | 270,383 | (195,978) | 423,222 |

** The Nordic area revenue starts from July 2017*

The segment assets as at 30 September 2016 are as follows:

| | The Baltic | The Nordic * | Central and Eastern Europe and other countries | CIS | Adjustments and eliminations | Group |
|--------|-------------------|---------------------|-------------------------------------------------------|----------------|-------------------------------------|----------------|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Assets | 209,466 | - | 132,363 | 326,788 | (196,799) | 471,819 |

The segment assets as at 30 September 2017 are as follows:

| | The Baltic | The Nordic * | Central and Eastern Europe and other countries | CIS | Adjustments and eliminations | Group |
|--------|-------------------|---------------------|-------------------------------------------------------|----------------|-------------------------------------|----------------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Assets | 181,992 | 19,507 | 93,958 | 229,022 | (165,999) | 358,480 |

The segment assets as at 30 September 2016 are as follows:

| | The Baltic | The Nordic * | Central and Eastern Europe and other countries | CIS | Adjustments and eliminations | Group |
|--------|-------------------|---------------------|-------------------------------------------------------|----------------|-------------------------------------|----------------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Assets | 187,677 | - | 118,594 | 292,795 | (176,327) | 422,739 |

Notes to the consolidated financial statements (continued)

3. Share capital

The total authorised and issued number of ordinary shares is 9,785 thousand shares (2016: 9,785 thousand shares) with a value of USD 1.1358 per share (2016: USD 1.1358 per share) and with value of EUR 1.00 per share (2016: EUR 1.00 per share). All issued shares are fully paid. There are no share options in any of the years presented.

4. Borrowings

| | 30.09.2017 USD'000 | 31.12.2016 USD'000 | 30.09.2017 EUR'000 | 31.12.2016 EUR'000 |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Non-current | | | | |
| Bonds | 9,445 | 8,433 | 8,000 | 8,000 |
| Finance lease liabilities | 21 | 19 | 18 | 18 |
| | 9,466 | 8,452 | 8,018 | 8,018 |
| Current | | | | |
| Bank borrowings | 111,434 | 110,870 | 94,387 | 105,204 |
| Other borrowings | - | - | - | - |
| Finance lease liabilities | 6 | 77 | 5 | 49 |
| | 111,440 | 110,947 | 94,392 | 105,253 |
| Total borrowings | 120,906 | 119,399 | 102,410 | 113,271 |

As at September 30, 2017 the undrawn credit facilities amount to **USD 55 M**.

5. Taxes

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average tax rate for 9 months ended 30 September 2017 is 24% (the estimated tax rate for 9 months ended 30 September 2016 was 17.2%). The difference is mainly due to differences in profitability in the Group's subsidiaries in the respective countries, as well as the Group's policy on recognizing deferred tax assets.

6. Earnings per share

The Company has no dilutive potential shares therefore diluted earnings per share are equal to basic earnings per share.

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There were no treasury shares.

| | Jan-Sep 2017 USD'000 | Jan-Sep 2016 USD'000 | Jan-Sep 2017 EUR'000 | Jan-Sep 2016 EUR'000 |
|-----------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Profit attributable to equity holders of the Company | 5,658 | 6,985 | 5,078 | 6,258 |
| Weighted average number of ordinary shares in issue (thousands) | 9,785 | 9,785 | 9,785 | 9,785 |
| Basic earnings (USD and EUR per share) | 0.58 | 0.71 | 0.52 | 0.64 |

7. Related party transactions

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the quarter ended 30 September 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

8. Issued guarantees and pledges

All assets on which the Company holds title have been pledged as security in favour of the banks.

9. Subsequent events

There have been no subsequent events after the last date of the reporting period that would have a significant effect on the financial position of the Company as at 30 September 2017.