GRUPO UNICOMER CO. LTD.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

JUNE 30, 2017

Grupo Unicomer Co. Ltd. and subsidiaries
(Formerly Regal Forest Holding Co. Ltd.)

Index to the condensed consolidated financial statements
June 30, 2017

Grupo Unicomer Co. Ltd. and subsidiaries
(Formerly Regal Forest Holding Co. Ltd.)

Condensed consolidated statement of financial position
June 30, 2017
(expressed in U.S. dollars)

	Notes	June 30, 2017 $'000	March 31, 2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents		94,559	68,488
Accounts receivable, net	6(b)	590,383	588,315
Accounts receivable – related company		3,268	3,872
Loan receivable – related company		63	63
Other receivables and prepayments		53,548	44,311
Inventories	9	261,992	268,670
Deferred acquisition costs		25,833	26,700
Prepaid income taxes		13,507	11,437
Total current assets		1,043,153	1,011,856
Non-current assets			
Accounts receivable, net	6(a)	257,564	266,090
Loan receivable – related company		21,802	18,420
Property and equipment, net	7	160,166	163,098
Intangible assets	8	153,316	154,245
Goodwill	10(a)	67,538	68,266
Retirement benefit assets		3,747	3,616
Deferred tax assets		29,131	27,415
Other assets		3,868	3,809
Total non-current assets		697,132	704,959
Total assets		1,740,285	1,716,815

Grupo Unicomer Co. Ltd. and Subsidiaries
(Formerly Regal Forest Holding Co. Ltd.)

Condensed consolidated statement of financial position
June 30, 2017
(expressed in U.S. dollars)

	Notes	June 30, 2017 $'000	March 31, 2017 $'000
LIABILITIES			
Current liabilities			
Bank overdrafts, secured		2,002	1,270
Short-term borrowings	11	75,526	78,894
Short term borrowings – related company		3,934	547
Current portion of long – term borrowings	12	149,455	102,671
Accounts payable		159,574	143,220
Accounts payable – related company		2,439	2,135
Bonuses payable		5,938	5,137
Unearned premiums		67,285	69,925
Other accounts payable and accruals		87,219	69,644
Current income tax liabilities		18,698	19,406
Provision for warranties	13	6,912	6,612
Total current liabilities		578,982	499,461
Non-current liabilities			
Long-term borrowings	12	536,235	599,417
Deferred warranty income		61,697	61,309
Employee benefit obligations	13	11,050	10,890
Deferred tax liabilities		14,888	15,271
Total non-current liabilities		623,870	686,887
Total liabilities		1,202,852	1,186,348
EQUITY			
Share capital		181,144	181,144
Retained earnings (including statutory reserves)		444,243	433,435
Currency translation reserve		(87,954)	(84,112)
Total equity		537,433	530,467
Total liabilities and equity		1,740,285	1,716,815

Grupo Unicomer Co. Ltd. and Subsidiaries
(Formerly Regal Forest Holding Co. Ltd.)

Condensed consolidated statement of income
For the three months ended June 30, 2017
(expressed in U.S. dollars)

	Notes	Three months ended June 30, 2017 $'000	Three months ended June 30, 2016 $'000
Sales		275,759	262,232
Cost of goods sold		(193,313)	(184,644)
Gross profit on sales		82,446	77,588
Premium income		4,723	4,579
Finance income earned on credit operations		103,072	93,483
Total gross profit		190,241	175,650
Distribution and selling expenses	14	(126,113)	(112,441)
Administrative expenses	14	(28,265)	(29,844)
Other operating income, net		(847)	972
Operating profit		35,016	34,337
Financial income		446	723
Financial expense		(16,498)	(13,082)
Foreign exchange losses and other charges		(1,349)	(1,618)
Net finance costs		(17,401)	(13,977)
Profit before income tax		17,615	20,360
Income tax expense	15	(6,807)	(6,097)
Profit for the period		10,808	14,263

Grupo Unicomer Co. Ltd. and Subsidiaries
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Condensed consolidated statement of profit or loss and other comprehensive income

For the three months ended June 30, 2017
(expressed in U.S. dollars)

	Three months ended June 30,	
	2017 $'000	**2016** $'000
Profit for the period	10,808	14,263
Other comprehensive loss:		
Items that will never be reclassified to profit or loss:		
Remeasurement of employee benefits obligation	-	108
Related tax on remeasurement	-	(32)
Items that may be reclassified to profit or loss:		
Currency translation adjustments	(3,842)	(8,873)
Other comprehensive loss for the period	(3,842)	(8,797)
Total comprehensive income for the period	6,966	5,466

The notes on pages 9-21 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and Subsidiaries
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Condensed consolidated statement of changes in equity
For the three months ended June 30, 2017
(expressed in U.S. dollars)

	Share capital $'000	Statutory reserves $'000	Retained earnings $'000	Currency translation reserve $'000	Total equity $'000
Balances at March 31, 2016	181,144	11,493	372,420	(69,353)	495,704
Total comprehensive income for the period					
Profit for the period	-	-	14,263	-	14,263
Other comprehensive income/(loss):					
Remeasurement of employee benefit obligation, net of taxation	-	-	76	-	76
Currency translation adjustments	-	-	-	(8,873)	(8,873)
Other comprehensive (loss), for the period, net of taxation	-	-	76	(8,873)	(8,797)
Total comprehensive income/(loss) for the period	-	-	14,339	(8,873)	5,466
Transfers to statutory reserve	-	4,393	(4,393)	-	-
Balances at June 30, 2016	181,144	15,886	382,366	(78,226)	501,170
Balances at March 31, 2017	181,144	13,325	420,110	(84,112)	530,467
Total comprehensive income for the period					
Profit for the period	-	-	10,808	-	10,808
Other comprehensive income/(loss):					
Currency translation adjustments	-	-	-	(3,842)	(3,842)
Other comprehensive (loss), for the period, net of taxation	-	-	-	(3,842)	(3,842)
Total comprehensive income/(loss) for the period	-	-	10,808	(3,842)	6,966
Transfers to statutory reserve	-	291	(291)	-	-
Balances at June 30, 2017	181,144	13,616	430,627	(87,954)	537,433

The notes on pages 9-21 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and Subsidiaries
(Formerly Regal Forest Holding Co. Ltd.)

Condensed consolidated statement of cash flows
For the three months ended June 30, 2017
(expressed in U.S. dollars)

	Notes	June 30, 2017 $'000	June 30, 2016 $'000
Cash flows from operating activities			
Profit for the period		10,808	14,263
Adjustments for:			
Depreciation and impairment of property and equipment	7	5,537	5,452
Amortization of intangible assets and impairment	8	2,005	1,847
Loss/Gain on disposal of property and equipment and intangible assets		(205)	2,571
Increase in employee benefits provision		453	165
Increase in provision for warranties, net		338	206
Retirement benefits assets		-	(343)
Impairment of accounts receivable	6	22,266	19,155
Decrease in unearned premium reserve		(2,640)	(69)
Deferred policy acquisition cost released to income statement		5,668	3,539
Net finance costs		17,401	13,977
Income tax expense		6,807	6,097
		68,438	66,860
Changes in working capital:			
Increase in accounts receivable		(15,809)	(2,492)
Decrease/(increase) in accounts receivable - related companies		604	(9,219)
Increase/(decrease) in other receivables and prepayments		(9,237)	4,796
Increase in retirement of benefits assets		(81)	(830)
Decrease/(increase) in inventories		6,678	(19,370)
Increase in deferred acquisition cost		(4,801)	(3,384)
Increase in other assets		(59)	(2,127)
Increase in loans receivable – related companies		(3,382)	(1,001)
Increase in accounts payable		16,192	9,376
Increase/(decrease) in accounts payable – related companies		3,392	(2,677)
Increase/(decrease) in bonuses payable		801	(3,347)
Increase in other accounts payable and accruals		17,575	34
Increase in deferred warranty income, net		388	694
		80,699	37,313
Interest received		446	723
Interest paid		(16,498)	(13,082)
Corporate income tax paid		(11,684)	(11,319)
Net cash provided by operating activities		52,963	13,635
Cash flows from investing activities			
Acquisition of property and equipment	7	(3,361)	(7,215)
Acquisition of intangible assets	8	(2,077)	(3,248)
Translation adjustments in respect of foreign subsidiaries		(1,649)	(2,580)
Acquisition of subsidiary/business, net of cash acquired	10	-	(9,608)
Net cash used in investing activities		(7,087)	(22,651)
Cash flows from financing activities			
Proceeds from short-term borrowings		21,225	83,843
Repayments of short-term borrowings		(24,593)	(54,824)
Proceeds from long-term borrowings		19,633	61,207
Repayments of long-term borrowing		(36,033)	(38,933)
Bank overdraft		732	65
Net cash used/(provided) in financing activities		(19,036)	51,358
Net increase in cash and cash equivalents		26,840	42,342
Cash and cash equivalents at the beginning of period		68,488	38,716
Effect of movements in exchange rates on cash and cash equivalents		(769)	(4,932)
Cash and cash equivalents at end of period		94,559	76,126

1. Reporting entity

Grupo Unicomer Co. Ltd. ("the Company") is incorporated and registered in the British Virgin Islands and its principal offices are located in San Salvador, El Salvador.

Infotech of the Caribbean and Central America Corp. ("Infotech"), owns 50% of the share capital of the Company, which it controls, and is controlled by Milady Associates Ltd. The other 50% is held by Gromerón, S.L.U., which is owned by El Puerto de Liverpool, S.A.B. de C.V., a publicly traded company in Mexico.

On February 15, 2017 Regal Forest Holding Co. Ltd. changed its name to Grupo Unicomer Co. Ltd.

The main activities of the Company and its subsidiaries ("the Group") are the operation of retail stores in Central America, South America, the Caribbean, and the states of Texas and New York in the United States of America. The stores sell consumer durables such as electronics, appliances and furniture, and provide the financing for a portion of those sales. The Group also provides short term cash loans to customers.

Effective April 1, 2016 the Group commenced trading in Curacao, Bonaire and Sint Maarten. (Note 9).

Certain of the Company's debt was listed on the Singapore Stock Exchange on April 3, 2017.

2. Statement of compliance, basis of preparation and significant accounting policies

2.1 Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance *with IAS 34 Interim Financial Reporting*. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended March 31, 2017.

2.2 Judgements and estimates

In preparing these interim financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgments made by management in applying the Group´s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended March 31, 2017.

3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended March 31, 2017. The adoption of certain new, revised and amended standards and interpretations that came into effect during the current period did not result in any change in accounting policies.

Grupo Unicomer Co. Ltd. and Subsidiaries
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4. Seasonality of operations

The Group´s revenues are subject to seasonal fluctuations as a result of the high sales in the second half of the year related to the Christmas season. In the first half of the year the Group traditionally increases inventory significantly to prepare for the high season.

The Group plans its purchases of inventory with seasonal patterns in mind and so as to minimize the risks of being subject to delays in inventory imports or subject to overstocking due to inventory orders placed too early. (See note 9).

5. Operating segments

The Group has three reportable segments, which are principally distributed by geographic areas. These three operating segments offer comparable products and services, but are managed separately because even though the business units located within each of the segments operate in similar market and economic environment conditions, each geographic segment as a region has diverse conditions than those of the other segments.

The Group's CEO and senior management review each of the geographic segment internal management reports separately. The following summary describes the operations in each of the Group's reportable operating segments:

Caribbean Group: includes the subsidiaries based in the Caribbean countries, except Dominican Republic, and includes Belize and Guyana.

Latin American Group: includes the subsidiaries based in the Central American and South American countries, except Belize and Guyana, but includes Dominican Republic.

United Stated of America Group: includes the subsidiaries based in Texas and Delaware in the United States.

a. Information about reportable segments

	Three months ended June, 30									
	2017					2016				
	Latin America $'000	Caribbean $'000	USA $'000	Other $'000	Total $'000	Latin America $'000	Caribbean $'000	USA $'000	Other $'000	Total $'000
Sales	189,042	85,065	1,652	-	275,759	179,602	81,217	1,413	-	262,232
Finance income earned on credit sales and premium income	66,839	40,276	680	-	107,795	59,036	38,390	636	-	98,062
External revenues	255,881	125,341	2,332	-	383,554	238,638	119,607	2,049	-	360,294
Reportable segment - profit before tax	6,033	20,707	(380)	(8,745)	17,615	1,325	23,476	(300)	(4,141)	20,360

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b. Reconciliation of reportable segment profit or loss

	Three months ended June 30,	
	2017	2016
	$'000	$'000
Total profit or loss for reportable segment before tax	17,615	20,360
Unallocated corporate expenses	-	-
Profit before tax	17,615	20,360

6. Accounts receivable

a. Accounts receivable as at June 30, 2017 and March 31, 2017 are as follows:

	June 30, 2017	March 31 2017
	$'000	$'000
Gross accounts receivable – customers	1,019,063	1,040,010
Allowance for forgiveness of instalments	(7,887)	(7,265)
Gross cash loans receivable – customers	170,098	165,276
Gross interest receivable	26,100	24,496
Unearned finance income	(291,281)	(303,593)
	916,093	918,924
Less: allowance for impairment	(68,146)	(64,519)
	847,947	854,405
Current portion of accounts receivable, net	(590,383)	(588,315)
Non-current portion of accounts receivable, net	257,564	266,090

b. Current portion of accounts receivable:

Gross accounts receivable, cash loans and interest receivable – customers	827,267	860,329
Unearned finance income	(192,174)	(230,218)
Total accounts receivable	635,093	630,111
Less: allowance for impairment	(44,710)	(41,796)
	590,383	588,315

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c. The aging of the customer accounts receivable portfolio as at June 30, 2017 and March 31, 2017, was as follows:

	June 30, 2017			March 31, 2017		
	Gross less finance income	Impairment allowance	Net	Gross less finance income	Impairment allowance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Not past due	589,897	(13,533)	576,364	595,482	(10,288)	585,194
Past due 1-30 days	172,806	(7,670)	165,136	169,959	(6,872)	163,087
Past due 31-60 days	58,333	(5,911)	52,422	63,447	(6,641)	56,806
Past due 61-90 days	28,115	(6,472)	21,643	26,902	(5,880)	21,022
Past due 91-120 days	17,241	(6,327)	10,914	15,657	(6,263)	9,394
Past due 121-150 days	14,520	(6,923)	7,597	11,885	(6,057)	5,828
Past due 151-180 days	11,162	(6,307)	4,855	10,863	(6,458)	4,405
Past due more than 180 days	24,019	(15,003)	9,016	24,729	(16,060)	8,669
	916,093	(68,146)	847,947	918,924	(64,519)	854,405

In computing past due amounts in its aging of accounts receivable, the Group includes the full outstanding balance (net of unearned finance income) of those accounts with instalments past due.

The movement in the allowance for impairment of receivables during the three months' period ended June 30, 2017, and the twelve-month period ended March 31, 2017 was as follows:

	June 30, 2017	March 31, 2017
	$'000	$'000
Balance at beginning of period	64,519	61,646
Arising on acquisition of subsidiaries	-	288
Impairment losses recognized	22,266	77,354
Utilized during the period	(18,537)	(74,690)
Foreign exchange adjustment	(102)	(79)
	68,146	64,519

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7. Property and equipment

	$'000
Cost	
Balance as of March 31, 2017	305,915
Additions	3,361
Disposals	(1,097)
Reclassifications and adjustments	(644)
Translation adjustments	(1,118)
Balance as of June 30, 2017	306,417
Accumulated depreciation	
Balance as of March 31, 2017	142,817
Depreciation for the period	5,537
Disposals	(673)
Sales	(378)
Reclassifications and adjustments	(493)
Translation adjustments	(559)
Balance as of June 30, 2017	146,251
Carrying amounts:	
At June 30, 2017	160,166
At March 31, 2017	163,098

8. Intangible assets

	$'000
Cost	
Balance as of March 31, 2017	193,914
Additions	2,077
Impairment and loss on disposals	(26)
Reclassification and adjustments	427
Translation adjustments	(1,725)
Balance as of June 30, 2017	194,667
Accumulated amortization	
Balance as of March 31, 2017	39,669
Amortization for the period	2,005
Translation adjustments	(323)
Balance as of June 30, 2017	41,351
Carrying amounts:	
At June 30, 2017	153,316
At March 31, 2017	154,245

9. Inventories

As of June 2017 the Group has an increase in inventory of $7 million compared to March 2017. The increase of inventory is explained by an increase of 3.1% in product sales (around $7.6 million) versus the first quarter of the prior year. In addition, sales of our trade company have increased $6 million, due to our growing franchise operation (RadioShack $5 million) versus June 2016. Despite the increase in inventory, the inventory turnover has improved versus last year (3.12 as of June 2017 versus as of 3.09 June 2016).

10. Acquisition of subsidiaries and businesses

a. The movement of Goodwill for the three months ended June 30, 2017 is as follows:

	$'000
Balance as of March 31, 2016	69,867
Effect of movements in exchange rates	(1,601)
Balance as of March 31, 2017	68,266
Effect of movements in exchange rates	(728)
Balance as of June 30, 2017	67,538

b. Effective December 24, 2015, Unicomer Latin America Co. Ltd. obtained 100% control of Wisdom Product S.A.E.C.A. in Paraguay through a cash purchase.

After the year ended March 31, 2017, a fraud was detected in the subsidiary resulting in an adjustment to the recognized value of the net assets at the acquisition date. This resulted in the net decrease of goodwill by $3,835,000, with the corresponding adjustments in the net assets acquired in the subsidiary.

Goodwill movement

	$'000
Goodwill as initially calculated at the acquisition date	14,019
Decrease in fair value of net assets acquired	32,665
Adjusted goodwill	46,684
Impairment of goodwill as of March 31, 2016	(36,500)
Balance as of March 31, 2017 and 2016	10,184
Net decrease in goodwill in Paraguay in 2016	(3,835)

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The combined statement of financial position as of March 31, 2016 reflects these adjustments. The decrease in the net assets acquired is as follows:

Net identifiable assets:	Pre-acquisition carrying amounts $'000	Fair value adjustment $'000	Values intially recognized on acquisition $'000	Adjustments $'000	Adjusted values recognized on acquisition $'000
Property and equipment	1,917	66	1,983	-	1,983
Intangible assets	159	11,100	11,259	(7,750)	3,509
Accounts receivable	27,219	-	27,219	(23,677)	3,542
Inventory	745	-	745	-	745
Other assets	11,539	-	11,539	(1,118)	10,421
Debt payable	(19,517)	-	(19,517)	-	(19,517)
Payables, taxes and other provisions	(6,841)	-	(6,841)	(120)	(6,961)
	15,221	11,166	26,387	(32,665)	(6,278)

The trade receivables comprised gross contractual amounts due of $5,588,000 of which $2,046,000 was expected to be uncollectible at the date of acquisition.

(i) Consideration paid and net cash outflow on the acquisition of the Paraguay subsidiary were as follows:

	$'000
Fair value of net assets acquired:	(6,278)
Goodwill on acquisition	46,684
Consideration paid for subsidiary acquired	40,406
Less: Cash acquired	(2,665)
Less: purchase of preferred shares	(7,066)
Net cash outflow arising on acquisition in the year	30,675

The adjusted goodwill value was then considered impaired in an amount of $36,500,000 and recognized directly in the combined statement of income. As a result, the adjusted balance of the goodwill on acquisition as of March 31, 2016 was $10,184,000.

The Group will continue its strategy to establish and expand its business of retailing and financing of consumer durables in this country considering the market opportunities in Paraguay under new management.

The Group has filed a law suit in Paraguay against the previous owners alleging fraud, falsification of documents and seeking damages. The accused parties were detained by order of the Justice Department and have posted bail of assets valued at $30,000,000.

(ii) The total restated revenue included in the combined statement of income for the year ended March 31, 2016 contributed by the acquired business since December 24, 2015 is $3,565,814. The business also incurred an adjusted net loss of $107,651 for the same period.

The Group incurred acquisition-related costs of $780,900 related to external legal fees, advisory, and due diligence costs. These costs are included in administrative expenses.

c. Effective April 1, 2016 the Group acquired the net assets related with the OMNI store retail operations in the countries Curacao, Bonaire and Sint Maarten. The total net assets acquired in the three countries amounted to $9,608,000 and mainly comprise accounts receivable, inventory and intangible assets. The acquisition consideration was equal to the net assets.

The total revenue included in the combined statement of income for year ended March 31, 2017 contributed by the acquired business since April 1, 2016 was $17,129,632. The business also incurred a loss of $835,945 over the same period.

The Group incurred acquisition-related costs of $257,104 related to external legal fees and due diligence costs. These costs were included in administrative expenses in the combined income statement.

The Group continues its strategy to expand its business of retailing and financing of consumer durables into new markets with this acquisition which is expected to improve the Group's performance through economies of scale. The business assets and liabilities acquired were as follows:

	OMNI Group $'000
Net identifiable assets:	
Intangible assets	2,250
Property and equipment	580
Accounts receivable	1,213
Inventory	5,631
Other assets	245
Other liabilities	(311)
Net assets acquired	9,608
Total consideration on acquisition	9,608
Satisfied by the following:	
Cash consideration	9,608
Cash acquired	-
Net cash outflow arising on acquisition in the year	9,608

The accounts receivable comprise gross contractual amounts due of $1,213,000, which do not carry a corresponding impairment provision in the opening balance.

The fair value of intangible assets (the value of brand) was assessed through relief-from-royalty method. This method considers the discounted estimated royalty payments that are expected to be avoided as a result of the trademarks owned.

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11. Short-term borrowings

	Interest rates	June 30, 2017 $'000	March 31, 2017 $'000
Borrowings under short-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	2.60% - 6.60% (2.60% - 6.00%)	5,000	17,171
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	Nil (4.68%)	-	4,000
Non-U.S. dollar based local functional currencies	8.84% - 9.23% (6.00% - 9.23%)	50,745	40,844
		55,745	62,015
Short-term loans:			
Non-U.S. dollar based local functional currencies	9.00% - 9.85% (9.00% - 9.85%)	19,781	16,879
Total short-term borrowings		75,526	78,894

12. Long-term borrowings

	Interest rates	June 30, 2017 $'000	March 31, 2017 $'000
Long-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	3.92% - 6.00% (3.92% - 6:00%)	10,320	12,963
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.00% - 4.47% (4.05% - 5.54%)	15,000	22,612
Non-U.S. dollar based local functional currencies	6.50% - 10.75% (6.50% - 10.75%)	23,012	27,469
		48,332	63,044
Long-term loans:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	6.15% - 12.92% (6.15% - 12.92%)	33,257	26,797
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	5.55% - 9.60% (5.55% - 9.12%)	405,601	414,711
Non-U.S. dollar based local functional currencies	3.75% - 16.00% (3.75% - 18.00%)	205,210	204,548
		644,068	646,056
Subtotal-long term borrowings		692,400	709,100

Grupo Unicomer Co. Ltd. and Subsidiaries
(Formerly Regal Forest Holding Co. Ltd.)

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2017
(expressed in U.S. dollars)

	June 30, 2017 $'000	March 31, 2017 $'000
Subtotal-long term borrowings	692,400	709,100
Less:		
Capitalized loan transaction costs:		
At beginning of the year	(7,012)	(505)
Arising on new loans	(13)	(7,341)
Translation adjustments	-	191
Amortized in interest expense for the period	315	643
	(6,710)	(7,012)
Carrying value of long-term borrowings	685,690	702,088
Less: Current portions of:		
Long-term borrowings	(149,455)	(102,671)
Total long-term borrowings	536,235	599,417

Maturity of long-term borrowings as at the reporting date was as follows:

	June 30, 2017 $'000	March 31, 2017 $'000
Current portion	149,455	102,671
Between 1 and 2 years	98,328	84,652
Between 2 and 5 years	66,427	118,445
Over 5 years	378,190	403,332
	692,400	709,100

13. Provisions

	Product warranties $'000	Employee benefits $'000	Total $'000
Balance as of March 31, 2016	6,102	10,003	16,105
Charged to profit for the year	6,678	2,835	9,513
Amount used during the year	(6,087)	(1,761)	(7,848)
Translation adjustments	(81)	(187)	(268)
Balance as of March 31, 2017	6,612	10,890	17,502
Charged to profit for the period	868	519	1,387
Amount used during the period	(527)	(2)	(529)
Translation adjustments	(41)	(357)	(398)
Balance as of June 30, 2017	6,912	11,050	17,962

Grupo Unicomer Co. Ltd. and Subsidiaries
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Notes to the condensed consolidated financial statements
For the three months ended June 30, 2017
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14. Operating expenses

a. The following expenses have been charged in determining operating profit:

	Three months ended June 30,	
	2017 $'000	**2016** $'000
Personnel expenses	62,460	58,322
Accounts receivable – impairment	22,266	19,155
Operating leases	17,680	14,818
Advertising	7,560	8,216
Depreciation of property and equipment and impairment	5,537	5,452
Amortization of intangible assets and impairment	2,005	1,847
Insurance	4,873	4,383
Professional fees	4,604	3,791
Freight expenses	4,241	3,983
Commissions and others	3,717	2,810
Utilities	3,281	3,064
Telecommunications	2,582	2,479
Repairs and maintenance	2,445	2,637
Travel expenses	2,031	1,446
Security services	1,682	1,565
Maintenance and leasing computer equipment	1,534	1,825
Municipal tax	1,126	1,141
Charitable donations	490	855
Other operating expenses, net	4,264	4,496
	154,378	142,285
Comprising:		
Distribution and selling expenses	126,113	112,441
Administrative expenses	28,265	29,844
	154,378	142,285

b. Personnel expenses incurred for the periods are as follows:

	2017	2016
Wages and benefits	36,400	32,502
Commissions	10,570	10,972
Social security and pension cost	5,768	5,404
Other employee benefits	9,722	9,444
	62,460	58,322

The average number of full-time-equivalent employees for the three months ended Junes 30, 2017 was 15,921 (2016: 14,759).

15. Income tax expense

Income tax expense is recognized based on management's best estimate of the subsidiaries' expected annual income tax rate for the full financial year applied to the pre-tax financial income of the interim period.

The Group's consolidated effective tax rate for three months ended June 30, 2017 was 38.64% (three months ended June 30, 2016: 28.79%).

The increase of effective tax rate in the comparison is explained by (i) a general increase of bad debt provision in Latin American countries under Unicomer Latin America Co. Ltd, where it is considered a permanent difference for tax purposes in several countries, (ii) the effect of bad debt provision on deferred taxes on Unicoservi Nicaragua due to local regulations, (iii) a general decrease of stand alone results on lower tax jurisdictions, (iv) downturn of results in companies whose corporate taxes are calculated on net income (Unicoservi Guatemala) or a minimum tax applies (Nicaragua, Honduras, Dominican Republic and Belize).

With regards to Unicoservi Nicaragua, local management expects to release part of the accumulated bad debt provision with the corresponding effect of consolidated deferred tax position.

16. Related-party transactions

Certain key administrative services relating to the areas of information technology and logistics are provided by a company related by virtue of common directors. Principal transactions with related parties are as follows:

	Three months ended June 30,	
	2017	**2016**
	$'000	$'000
Expenses incurred for services	2,132	1,051
Income from services provided	647	215
Purchases of merchandise	285	480
Interest income on loan granted to related company	203	20
Expenses for advertising related materials	123	98
Sales of merchandise	-	14
Income from portfolio administration and collections	-	11

17. Commitments

Operating leases:

The Group has rental contracts on the real estate where its offices and stores are located. Minimum future payments under these operating lease contracts at the reporting date are:

	2017	2016
	$'000	$'000
Within one year	49,821	50,071
Between one and five years	124,076	104,196
After five years	49,627	46,300
	223,524	200,567

Certain lease payments are based on a combination of a fixed fee and a variable fee, based on the stores' sales. The above figures do not include the estimated variable fee.

18. Financial instruments

With respect to the management of liquidity risk, not only has management constantly maintained adequate access to funding but also has increased its available bank lines of credit. As of June 30, 2017, the Group had $314,565,822 (June 2016: $287,214,000) of lines of credit, with available head rooms totalling $195,601,528 (June 2016: $173,479,000).

Other aspects of the Group's financial risk management goals and policies regarding market risk, currency risk and interest rate risk are consistent with the guidelines and policies disclosed in the consolidated financial statements for the years ended June 30, 2017 and 2016.

19. Capital management

It is the Group's policy to maintain a strong capital base so as to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity. The Company is not subject to externally imposed capital requirements. Certain subsidiaries are subject to capital requirements imposed by regulators or local legislation. There were no changes in the Group's approach to capital management during the year.

20. Dividends

During the periods of the three months ended on June 30, 2017 and 2016 dividends were not declared.