GRUPO UNICOMER CO. LTD.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2018

Grupo Unicomer Co. Ltd. and subsidiaries

Index to the condensed consolidated interim financial statements
June 30, 2018

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of financial position
June 30, 2018
(expressed in U.S. dollars)

	Notes	June 30, 2018 $'000	March 31, 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents		112,875	66,691
Accounts receivable, net	6(b)	596,043	604,729
Accounts receivable – related company		2,400	2,560
Other receivables and prepayments		60,662	43,393
Inventories	9	290,443	268,136
Deferred acquisition costs		23,066	23,686
Prepaid income taxes		12,769	13,858
Total current assets		1,098,258	1,023,053
Non-current assets			
Accounts receivable, net	6(a)	279,344	283,720
Loan receivable – related company		13,949	13,949
Property and equipment, net	7	148,222	150,963
Intangible assets	8	158,561	158,830
Goodwill	10(a)	68,001	68,069
Retirement benefit assets		3,312	2,623
Deferred tax assets		27,845	32,831
Other assets		3,888	3,883
Total non-current assets		703,122	714,868
Total assets		1,801,380	1,737,921

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of financial position
June 30, 2018
(expressed in U.S. dollars)

	Notes	June 30, 2018 $'000	March 31, 2018 $'000
LIABILITIES			
Current liabilities			
Bank overdrafts, secured		3,100	3,839
Short-term borrowings	11	77,017	49,866
Current portion of long-term borrowings	12	89,023	98,508
Accounts payable		170,584	167,608
Accounts payable – related company		1,400	1,571
Bonuses payable		3,768	2,893
Unearned premiums		68,459	71,204
Other accounts payable and accruals		85,424	71,679
Current income tax liabilities		18,595	19,431
Provision for warranties	13	5,197	5,170
Total current liabilities		522,567	491,769
Non-current liabilities			
Long-term borrowings	12	607,492	580,583
Deferred warranty income		65,536	64,336
Bonuses payable		3,039	2,341
Employee benefit obligations	13	15,755	14,485
Deferred tax liabilities		9,757	15,053
Total non-current liabilities		701,579	676,798
Total liabilities		1,224,146	1,168,567
EQUITY			
Share capital	20	152,066	152,066
Share premium	20	11,320	11,320
Retained earnings (including statutory reserves)		510,876	494,939
Currency translation reserve		(97,028)	(88,971)
Total equity		577,234	569,354
Total liabilities and equity		1,801,380	1,737,921

The notes on pages 9-20 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of income
For the three months ended June 30, 2018
(expressed in U.S. dollars)

		Three months ended June 30,	
	Notes	**2018** $'000	**2017** $'000
Sales		288,491	275,759
Cost of goods sold		(202,138)	(193,313)
Gross profit on sales		86,353	82,446
Premium income		4,767	4,723
Finance income earned on credit operations		107,863	103,072
Total gross profit		198,983	190,241
Distribution and selling expenses	14	(126,858)	(126,113)
Administrative expenses	14	(30,792)	(28,265)
Other operating income, net		3,030	(847)
Operating profit		44,363	35,016
Financial income		231	446
Financial expense		(15,904)	(16,498)
Foreign exchange losses and other charges		(2,346)	(1,349)
Net finance costs		(18,019)	(17,401)
Profit before income tax		26,344	17,615
Income tax expense	15	(10,407)	(6,807)
Profit for the year		15,937	10,808

The notes on pages 9-20 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated statement of income and other comprehensive income
For the three months ended June 30, 2018
(expressed in U.S. dollars)

	Three months ended June 30, 2018 $'000	Three months ended June 30, 2017 $'000
Profit for the period	15,937	10,808
Other comprehensive loss:		
Items that will never be reclassified to profit or loss:		
Remeasurement of employee benefits obligation	-	(631)
Related tax on remeasurement	-	30
Items that may be reclassified to profit or loss:		
Currency translation adjustments	(8,057)	(3,842)
Other comprehensive loss for the period	(8,057)	(4,443)
Total comprehensive income for the period	7,880	6,365

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of changes in equity
For the three months ended June 30, 2018
(expressed in U.S. dollars)

	Share capital $'000	Statutory reserves $'000	Retained profits $'000	Currency translation reserve $'000	Total equity $'000
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):					
Remeasurement of employee benefit obligation, net of taxation	-	-	(601)	-	(601)
Currency translation adjustments	-	-	-	(3,842)	(3,842)
Other comprehensive (loss), for the period, net of taxation	-	-	(601)	(3,842)	(4,443)
Total comprehensive income/(loss) for the period	-	-	10,207	(3,842)	6,365
Transfers to statutory reserve	-	291	(291)	-	-
Balances at June 30, 2017	**181,144**	**13,616**	**430,026**	**(87,954)**	**536,832**
Balances at March 31, 2018	163,386	14,810	480,129	(88,971)	569,354
Total comprehensive income for the period					
Profit for the period	-	-	15,937	-	15,937
Other comprehensive income/(loss):					
Currency translation adjustments	-	-	-	(8,057)	(8,057)
Other comprehensive (loss), for the period, net of taxation	-	-	-	(8,057)	(8,057)
Total comprehensive income/(loss) for the period	-	-	15,937	(8,057)	7,880
Transfers to statutory reserve	-	1,166	(1,166)	-	-
Balances at June 30, 2018	**163,386**	**15,976**	**494,900**	**(97,028)**	**577,234**

The notes on pages 9-20 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

	Notes	June 30, 2018 $'000	June 30, 2017 $'000
Cash flows from operating activities			
Profit for the period		15,937	10,808
Adjustments for:			
Depreciation and impairment of property and equipment	7	5,199	5,537
Amortization of intangible assets and impairment	8	2,483	2,005
Loss/gain on disposal of property and equipment and intangible assets		353	(205)
Increase in employee benefits provision		1,394	453
Increase in provision for warranties, net		69	338
Impairment of accounts receivable	6	21,198	22,266
Decrease in unearned premium reserve		(2,745)	(2,640)
Deferred policy acquisition cost released to income statement		3,996	5,668
Net finance costs		18,017	17,401
Income tax expense		10,407	6,807
		76,308	68,438
Changes in working capital:			
Increase in accounts receivable		(8,136)	(15,809)
(Increase)/decrease in accounts receivable – related company		(67)	604
Increase in other receivables and prepayments		(17,268)	(9,237)
Increase in retirement of benefits assets		(690)	(81)
(Increase)/decrease in inventories		(22,306)	6,678
Increase in deferred acquisition cost		(4,616)	(4,801)
Increase in other assets		(5)	(59)
(Increase) in loans receivable – related company		-	(3,382)
Increase in accounts payable		4,085	16,192
(Decrease)/increase in accounts payable – related company		(171)	3,392
Increase in bonuses payable		1,573	801
Increase in other accounts payable and accruals		13,742	17,575
Increase in deferred warranty income, net		1,200	388
		43,649	80,699
Interest received		231	446
Interest paid		(15,904)	(16,498)
Corporate income tax paid		(10,463)	(11,684)
Net cash provided by operating activities		17,513	52,963
Cash flows from investing activities			
Acquisition of property and equipment	7	(5,388)	(3,361)
Acquisition of intangible assets	8	(2,412)	(2,077)
Translation adjustments in respect of foreign subsidiaries		(5,383)	(1,649)
Net cash used in investing activities		(13,183)	(7,087)
Cash flows from financing activities			
Proceeds from short-term borrowings		52,204	21,225
Repayments of short-term borrowings		(25,053)	(24,593)
Proceeds from long-term borrowings		93,794	19,633
Repayments of long-term borrowing		(76,370)	(36,033)
Bank overdraft		(739)	732
Net cash provided by/(used in) financing activities		43,836	(19,036)
Net increase in cash and cash equivalents		48,166	26,840
Cash and cash equivalents at the beginning of period		66,691	68,488
Effect of movements in exchange rates on cash and cash equivalents		(1,982)	(769)
Cash and cash equivalents at end of period		112,875	94,559

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

1. Reporting entity

Grupo Unicomer Co. Ltd. (“the Company”) is incorporated and registered in the British Virgin Islands.

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.

Certain of the Company’s debt was issued on March 27, 2017 in a private placement in accordance with Rule 144A and Regulation S under the Securities Act of 1933; and it 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 of and for the year ended March 31, 2018.

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 of and for the year ended March 31, 2018.

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 of and for the year ended March 31, 2018.

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

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 (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:

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

Caribbean Group: includes the subsidiaries based in the Caribbean countries, except Dominican Republic, and includes Belize, Guyana and United States of America subsidiaries based in Texas and Delaware.

a. Information about reportable segments:

	Three months ended June, 30							
	2018				2017			
	Latin America $'000	Caribbean $'000	Other $'000	Total $'000	Latin America $'000	Caribbean $'000	Other $'000	Total $'000
Sales	200,624	81,389	6,478	288,491	189,042	78,102	8,615	275,759
Finance income earned on credit sales and premium income	65,088	42,608	4,934	112,630	66,839	36,013	4,943	107,795
External revenues	265,712	123,997	11,412	401,121	255,881	114,115	13,558	383,554
Reportable segment - profit before tax	10,060	14,047	2,237	26,344	6,033	10,122	1,460	17,615

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

b. Reconciliations of reportable segments profit or loss

	Three months ended June 30,	
	2018	**2017**
	$'000	$'000
Total profit or loss for reportable segment before tax	26,344	17,615
Unallocated corporate expenses	-	-
Profit before tax	26,344	17,615

6. Accounts receivable

a. Accounts receivable as of June 30, 2018 and March 31, 2018 are as follows:

	June 30, 2018	**March 31, 2018**
	$'000	$'000
Gross accounts receivable – customers	1,014,163	1,026,435
Allowance for forgiveness of instalments	(11,110)	(9,293)
Gross cash loans receivable – customers	238,273	238,692
Gross interest receivable	27,487	29,748
Unearned finance income	(318,883)	(323,146)
	949,930	962,436
Less: allowance for impairment	(74,543)	(73,987)
	875,387	888,449
Current portion of accounts receivable, net	(596,043)	(604,729)
Non – current portion of accounts receivable, net	279,344	283,720

b. Current portion of accounts receivable:

Gross accounts receivable, cash loans and interest receivable – customers	891,472	900,002
Unearned finance income	(243,910)	(246,357)
Total accounts receivable due within one year	647,562	653,645
Less: allowance for impairment	(51,519)	(48,916)
	596,043	604,729

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

c. The aging of the customer accounts receivable portfolio as of June 30, 2018 and March 31, 2018 is as follows:

	June 30, 2018			March 31, 2018		
	Gross less unearned finance income $'000	Impairment allowance $'000	Net $'000	Gross less unearned finance income $'000	Impairment allowance $'000	Net $'000
Not past due	602,970	(8,410)	594,560	616,569	(8,123)	608,446
Past due 1-30 days	169,729	(7,385)	162,344	176,812	(7,341)	169,471
Past due 31-60 days	65,430	(7,040)	58,390	66,903	(7,482)	59,421
Past due 61-90 days	31,815	(7,383)	24,432	28,908	(6,808)	22,100
Past due 91-120 days	20,083	(8,034)	12,049	17,933	(7,673)	10,260
Past due 121-150 days	16,874	(8,881)	7,993	13,855	(7,854)	6,001
Past due 151-180 days	13,272	(8,312)	4,960	12,355	(8,314)	4,041
Past due more than 180 days	29,757	(19,098)	10,659	29,101	(20,392)	8,709
	949,930	(74,543)	875,387	962,436	(73,987)	888,449

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 installments past due. The full outstanding balance is classified in the aging category of the oldest past due installment.

The movement in the allowance for impairment of receivables during the three months' period ended June 30, 2018 and twelve months period ended March 31, 2018 was as follows:

	June 30, 2018 $'000	**March 31, 2018** $'000
Balance at beginning of the period	73,987	64,519
Impairment losses recognized	21,198	90,239
Utilized during the period	(20,608)	(80,496)
Foreign exchange adjustment	(34)	(275)
	74,543	73,987

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

7. Property and equipment

	$'000
Cost	
Balance as of March 31, 2018	304,899
Additions	5,388
Disposals	(598)
Sales	(339)
Reclassifications and adjustments	(81)
Translation adjustments	(4,156)
Balance as of June 30, 2018	305,113
Accumulated depreciation	
Balance as of March 31, 2018	153,936
Depreciation for the period	5,199
Disposals	(396)
Sales	(330)
Translation adjustments	(1,518)
Balance as of June 30, 2018	156,891
Carrying amounts:	
At June 30, 2018	148,222
At March 31, 2018	150,963

8. Intangible assets

	$'000
Cost	
Balance as of March 31, 2018	206,570
Additions	2,412
Disposals	(6)
Reclassifications and adjustments	(58)
Translation adjustments	(257)
Balance as of June 30, 2018	208,661
Accumulated amortization	
Balance as of March 31, 2018	47,740
Amortization for the period	2,483
Disposals	(3)
Translation adjustments	(120)
Balance as of June 30, 2018	50,100
Carrying amounts:	
At June 30, 2018	158,561
At March 31, 2018	158,830

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

9. Inventories

As of June 2018, the Group's total inventory increased by 8.3%, equivalent to $22.3 million, compared with March 2018. The increase consists mainly of merchandise for resale (+10.6% or $23.2 million) while spare parts and goods in transit decreased respectively by -5.5% and -4.2% versus March 2018. The increase is largely explained by a decision to start overstocking in order to be prepared for future demand knowing that in the first quarter of our financial year we had the soccer World Cup event (June/July 2018), Mother's (May) and Father's (June) Day, in which the Group expected high product demand and thus increased its stocks. Analyzing the behavior by Region, the increment is concentrated in the Caribbean countries, in mainly the merchandise for resale category. As of March 2018, this category totaled $70.5 million while at June 2018, it surpassed $83.9 million. Latin America region also experienced a growth, of 3.6% of total inventory between March 2018 and June 2018.

10. Acquisition of subsidiaries and businesses

a. The movement of Goodwill for the three months ended June 30, 2018 is as follows:

	$'000
Balance as of March 31, 2017	68,266
Effect of movements in exchange rates	(197)
Balance as of March 31, 2018	68,069
Effect of movements in exchange rates	(68)
Balance as of June 30, 2018	68,001

The Goodwill balance corresponds for the following countries acquisitions:

	June 30, 2018 $'000	**March 31, 2018** $'000
Costa Rica	33,564	33,609
Paraguay	10,117	10,117
Ecuador	21,159	21,159
Other Caribbean countries	3,161	3,184
	68,001	68,069

b. Effective July 10, 2017 the Group completed the sale of its 100% shareholding in Redstart Investments (Belize) Limited to Redstart Investments, Limited (St. Lucia), a subsidiary of Redstart Investment Limited incorporated in the British Virgin Islands.

	$'000
(i) Analysis of assets and liabilities disposed of:	
Cash and cash equivalents	120
Other receivables and prepayments	44
Property and equipment, net	8,286
Bank loans	(3,918)
Related company loans	(3,934)
Accounts payable - related company	(90)
Other accounts payable and accruals	(63)
Current income tax liabilities	(3)
Net assets disposed of the Group	442

The net assets were transferred at book value of the investment cost, and consideration was fully satisfied by intercompany settlement.

(ii) Consideration on disposal:

Consideration received	5
Cash and cash equivalents disposed of	(120)
Net assets disposed of the Group	(115)

11. Short-term borrowings

	Interest rates	June 30, 2018 $'000	March 31, 2018 $'000
Borrowings under short-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	June: 5.00% - 5.00% (March: 2.60% - 6.00%)	3,067	9,133
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	June: 4.98% - 5.48% (March: 4.98% - 5.48%)	19,090	1,106
Non-U.S. dollar based local functional currencies	June: 5.19% - 9.80% (March: 6.00% - 9.80%)	36,513	21,999
		58,670	32,238
Short-term loans:			
Non-U.S. dollar based local functional currencies	June: 6.50% - 9.00% (March: 6.50% - 9.00%)	18,347	17,628
Total short-term borrowings		77,017	49,866

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

12. Long-term borrowings

	Interest rates	June 30, 2018 $'000	March 31, 2018 $'000
Long-term lines of credit			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	June: 5.98% - 6.50% (March: 2.80% - 6.00%)	11,872	19,321
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	June: 4.07% - 5.28% (March: 4.07% - 5.28%)	15,665	16,638
Non-U.S. dollar based local functional currencies	June: 9.00% - 9.75% (March: 8.00% - 9.85%)	15,077	14,223
		42,614	50,182
Long-term loans			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	June: 7.09% - 12.00% (March: 6.15% - 12.00%)	19,731	20,272
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	June: 5.98% - 8.85% (March: 5.98% - 8.71%)	392,585	403,608
Non-U.S. dollar based local functional currencies	June: 3.75% - 11.50% (March: 3.75% - 11.50%)	248,154	210,966
		660,470	634,846
Subtotal long-term borrowings		703,084	685,028
Less:			
Capitalized loan transaction costs:			
At beginning of the period		(5,937)	(7,012)
Arising on new loans		(1,096)	(99)
Translation adjustments		21	(8)
Amortized in interest expense for the period		443	1,182
		(6,569)	(5,937)
Carrying value of long-term borrowings		696,515	679,091
Less: current portions of:			
Long-term loans		(58,565)	(62,609)
Lines of credit		(30,458)	(35,899)
		(89,023)	(98,508)
Total long-term borrowings		607,492	580,583

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

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

	June 30, 2018 $'000	**March 31, 2018** $'000
Current portion	89,023	98,508
Between 1 and 2 years	83,024	106,628
Between 2 and 5 years	77,718	89,874
Over 5 years	453,319	390,018
	703,084	685,028

13. Provisions

	Product warranties $'000	Employee benefits $'000	Total $'000
Balance as of March 31, 2017	6,612	10,890	17,502
Charged to profit for the year	6,290	2,904	9,194
Amount used during the year	(7,727)	(1,001)	(8,728)
Remeasurement loss by financial assumptions	-	1,308	1,308
Translation adjustments	(5)	384	379
Balance as of March 31, 2018	5,170	14,485	19,655
Charged to profit for the period	1,405	1,806	3,211
Amount used during the period	(1,325)	(484)	(1,809)
Translation adjustments	(53)	(52)	(105)
Balance as of June 30, 2018	5,197	15,755	20,952

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

14. Operating expenses

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

	Three months ended June 30, 2018 $'000	Three months ended June 30, 2017 $'000
Personnel expenses	65,324	62,460
Accounts receivable – impairment	21,198	22,266
Operating leases	16,104	17,680
Advertising	7,369	7,560
Depreciation of property and equipment and impairment	5,199	5,537
Amortization of intangible assets and impairment	2,483	2,005
Insurance	5,067	4,873
Freight expenses	4,588	4,241
Commissions and others	4,279	3,717
Utilities	2,869	3,281
Professional fees	2,859	4,604
Repairs and maintenance	2,731	2,445
Telecommunications	2,652	2,582
Maintenance and leasing computer equipment	2,249	1,534
Security services	1,791	1,682
Travel expenses	1,646	2,031
Municipal tax	813	1,126
Charitable donations	648	490
Other operating expenses, net	7,781	4,264
	157,650	154,378
Comprising:		
Distribution and selling expenses	126,858	126,113
Administrative expenses	30,792	28,265
	157,650	154,378

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

	2018	2017
Wages and benefits	38,237	36,400
Commissions	11,783	10,570
Social security and pension cost	6,261	5,768
Other employee benefits	9,043	9,722
	65,324	62,460

The average number of full-time-equivalent employees for the three months' period ended June 30, 2018, was 15,184 (2017: 15,571).

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2018
(expressed in U.S. dollars)

15. Income tax expense

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

The Group's consolidated effective tax rate for the three months ended June 30, 2018 was 39.5% (three months ended June 30, 2017: 38.6%).

The increase of effective tax rate in the comparison is explained by an extraordinary situation in Nicaragua with an increase of receivables impairment expense and the country's economic turmoil, combined with a minimum tax on net sales.

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,	
	2018	**2017**
	$'000	$'000
Expenses incurred for services	2,328	2,132
Expenses for advertising related materials	82	123
Purchases of merchandise	76	285
Income from services provided	380	647
Interest income on loan granted to related company	103	203

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:

	2018	**2017**
	$'000	$'000
Within one year	52,845	49,821
Between one and five years	117,236	124,076
After five years	45,624	49,627
	215,705	223,524

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 it also has increased its available bank lines of credit. As of June 30, 2018, the Group had $152,275,000 (June 2017: $314,565,822) of lines of credit, with available head rooms totalling $50,399,000 (June 2017: $195,601,528).

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 March 31, 2018 and 2017.

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. Equity

a. Share capital and share premium

	June 30, 2018	March 31, 2018
Authorized – ordinary shares:		
100,000,000 Class "A" Ordinary shares	100,000	100,000
100,000,000 Class "B" Ordinary shares	100,000	100,000
	200,000	200,000
	$'000	$'000
Issued and fully paid ordinary shares of $1 per share (i):		
76,032,774 Class "A" Ordinary shares	76,033	76,033
76,032,774 Class "B" Ordinary shares	76,033	76,033
	152,066	152,066
Share premium (i)	11,320	11,320

(i) At the General Meeting of the Shareholders held on August 28, 2017, the shareholders of the Company authorized a distribution of US$17,758,000 consisting of share premiums in excess of its nominal capital, in lieu of payment of dividend.

b. Dividends

During the periods of the three months ended on June 30, 2018 and 2017, dividends were not declared.