GRUPO UNICOMER CO. LTD.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DECEMBER 31, 2018

Grupo Unicomer Co. Ltd. and subsidiaries

Index to the condensed consolidated interim financial statements
December 31, 2018

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of financial position
December 31, 2018
(expressed in U.S. dollars)

	Notes	December 31, 2018 $'000	March 31, 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents		100,613	66,691
Accounts receivable, net	6(b)	634,472	604,729
Accounts receivable – related company		7,053	2,560
Loan receivable – related company ST		551	-
Other receivables and prepayments		53,768	43,393
Inventories	9	292,501	268,136
Deferred acquisition costs		23,625	23,686
Prepaid income taxes		31,791	13,858
Total current assets		1,144,374	1,023,053
Non-current assets			
Accounts receivable, net	6(a)	300,870	283,720
Loan receivable – related company		10,310	13,949
Property and equipment, net	7	144,273	150,963
Intangible assets	8	154,011	158,830
Goodwill	10(a)	65,812	68,069
Retirement benefit assets		3,390	2,623
Deferred tax assets		20,429	32,831
Other assets		4,033	3,883
Total non-current assets		703,128	714,868
Total assets		1,847,502	1,737,921

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of financial position
December 31, 2018
(expressed in U.S. dollars)

	Notes	December 31, 2018 $'000	March 31, 2018 $'000
LIABILITIES			
Current liabilities			
Bank overdrafts, secured		1,626	3,839
Short-term borrowings	11	69,013	49,866
Current portion of long-term borrowings	12	130,181	98,508
Accounts payable		193,040	167,608
Accounts payable – related company		2,196	1,571
Bonuses payable		3,133	2,893
Unearned premiums		72,520	71,204
Other accounts payable and accruals		81,732	71,679
Current income tax liabilities		29,458	19,431
Provision for warranties	13	6,523	5,170
Total current liabilities		589,422	491,769
Non-current liabilities			
Long-term borrowings	12	576,685	580,583
Deferred warranty income		67,457	64,336
Bonuses payable		2,959	2,341
Employee benefit obligations	13	14,687	14,485
Deferred tax liabilities		15,603	15,053
Total non-current liabilities		677,391	676,798
Total liabilities		1,266,813	1,168,567
EQUITY			
Share capital	20	152,066	152,066
Share premium	20	-	11,320
Retained earnings (including statutory reserves)		530,700	494,939
Currency translation reserve		(102,077)	(88,971)
Total equity		580,689	569,354
Total liabilities and equity		1,847,502	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 nine months ended December 31, 2018
(expressed in U.S. dollars)

	Notes	Nine months ended December 31, 2018 $'000	2017 $'000
Sales		973,328	963,352
Cost of goods sold		(691,825)	(677,277)
Gross profit on sales		281,503	286,075
Premium income		13,864	13,715
Finance income earned on credit operations		315,196	307,752
Total gross profit		610,563	607,542
Distribution and selling expenses	14	(393,883)	(398,874)
Administrative expenses	14	(93,715)	(85,700)
Other operating income, net		6,748	4,844
Operating profit		129,713	127,812
Financial income		658	1,022
Financial expense		(49,040)	(49,026)
Foreign exchange losses and other charges		(4,483)	(2,565)
Net finance costs		(52,865)	(50,569)
Profit before income tax		76,848	77,243
Income tax expense	15	(30,727)	(26,229)
Profit for the period		46,121	51,014

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of income and other comprehensive income
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

	Nine months ended December 31, 2018 $'000	Nine months ended December 31, 2017 $'000
Profit for the period	46,121	51,014
Other comprehensive income/(loss):		
Items that will never be reclassified to profit or loss:		
Remeasurement of employee benefits obligation	519	(404)
Items that may be reclassified to profit or loss:		
Currency translation adjustments	(13,106)	2,780
Other comprehensive loss for the period	(12,587)	2,376
Total comprehensive income for the period	33,534	53,390

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of changes in equity
For the nine months ended December 31, 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	-	-	51,014	-	51,014
Other comprehensive income/(loss):					
Remeasurement of employee benefit obligation, net of taxation	-	-	(404)	-	(404)
Currency translation adjustments	-	-	-	2,780	2,780
Other comprehensive income/(loss) for the period, net of taxation	-	-	(404)	2,780	2,376
Total comprehensive income/(loss) for the period	-	-	50,610	2,780	53,390
Transfers to statutory reserve	-	627	(627)	-	-
Transaction with owners recorded directly in equity					
Transfers of subsidiaries	-		(290)	-	(290)
Decrease in share premium (note 20 (a) (i))	(17,758)		-	-	(17,758)
Total transaction with owners recorded directly in equity	(17,758)	-	(290)	-	(18,048)
Balances at December 31, 2017	**163,386**	**13,952**	**469,803**	**(81,332)**	**565,809**
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	-	-	46,121	-	46,121
Other comprehensive income/(loss):					
Remeasurement of employee benefit obligation, net of taxation	-	-	519	-	519
Currency translation adjustments	-	-	-	(13,106)	(13,106)
Other comprehensive income/(loss), for the period, net of taxation	-	-	519	(13,106)	(12,587)
Total comprehensive income/(loss) for the period	-	-	46,640	(13,106)	33,534
Transfers to statutory reserve	-	1,424	(1,424)	-	-
Transaction with owners recorded directly in equity					
Transfer of subsidiaries	-	-	270	-	270
Distribution of share premium (note 20 (a) (ii))	(11,320)	-	-	-	(11,320)
Dividends paid (note 20 (b))	-	-	(11,149)	-	(11,149)
Total transaction with owners recorded directly in equity	(11,320)	-	(10,879)	-	(22,199)
Balances at December 31, 2018	**152,066**	**16,234**	**514,466**	**(102,077)**	**580,689**

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 cash flows
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

	Notes	December 31, 2018 $'000	December 31, 2017 $'000
Cash flows from operating activities			
Profit for the period		46,121	51,014
Adjustments for:			
Depreciation and impairment of property and equipment	7	16,163	16,097
Amortization of intangible assets and impairment	8	7,471	6,072
Loss on disposal of property and equipment and intangible assets		2,642	1,331
Increase in employee benefits provision		1,023	2,649
Increase in provision for warranties, net		1,413	1,247
Retirement benefits assets		-	124
Increase in unearned premium reserve		1,316	4,600
Deferred policy acquisition cost released to income statement		13,857	17,950
Net finance costs		52,865	50,570
Income tax expense		30,727	26,229
		173,598	177,883
Changes in working capital:			
Increase in accounts receivable		(46,893)	(82,601)
(Increase) decrease in accounts receivable – related company		(5,213)	163
Increase in other receivables and prepayments		(10,375)	(9,555)
Increase in retirement of benefits assets		(250)	-
Increase (decrease) in inventories		(24,365)	14,918
Increase in deferred acquisition cost		(13,796)	(17,309)
(Increase) decrease in other assets		(152)	771
Decrease in loans receivable – related company		3,088	5,189
Increase in accounts payable		27,761	50,256
Increase in accounts payable – related company		2,358	149
Increase in loans payable – related company		4,624	3,387
Increase (decrease) in bonuses payable		858	(534)
Increase in other accounts payable and accruals		10,051	11,944
Increase in deferred warranty income, net		3,121	4,014
		124,415	158,675
Interest received		658	1,022
Interest paid		(49,040)	(49,026)
Corporate income tax paid		(25,679)	(29,901)
Net cash provided by operating activities		50,354	80,770
Cash flows from investing activities			
Acquisition of property and equipment	7	(18,502)	(14,360)
Acquisition of intangible assets	8	(8,184)	(9,525)
Translation adjustments in respect of foreign subsidiaries		(6,113)	1,095
Net cash used in investing activities		(32,799)	(22,790)
Cash flows from financing activities			
Proceeds from short-term borrowings		111,309	112,125
Repayments of short-term borrowings		(92,163)	(126,276)
Transfer of subsidiaries		-	5
Proceeds from long-term borrowings		153,894	151,578
Repayments of long-term borrowing		(126,119)	(167,161)
Bank overdraft		(2,213)	1,235
Share premium paid	20 (a)	(11,320)	(17,758)
Dividends paid	20 (b)	(11,149)	-
Net cash provided by/(used in) financing activities		22,239	(46,252)
Net increase in cash and cash equivalents		39,794	11,728
Cash and cash equivalents at the beginning of period		66,691	68,488
Effect of movements in exchange rates on cash and cash equivalents		(5,872)	(3,355)
Cash and cash equivalents at end of period		100,613	76,861

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 interim financial statements
For the nine months ended December 31, 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 nine months ended December 31, 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 two reportable segments, which are principally distributed by geographic areas. These two 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.

Information about reportable segments:

	Nine months ended December, 31							
	2018				2017			
	Latin America $'000	Caribbean $'000	Other $'000	Total $'000	Latin America $'000	Caribbean $'000	Other $'000	Total $'000
Sales	640,332	311,300	21,696	973,328	642,278	306,806	14,268	963,352
Finance income earned on credit sales and premium income	190,627	126,634	11,799	329,060	198,012	112,932	10,523	321,467
External revenues	830,959	437,934	33,495	1,302,388	840,290	419,738	24,791	1,284,819
Reportable segment - profit before tax	24,369	49,880	2,599	76,848	30,231	48,801	(1,789)	77,243

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

6. Accounts receivable

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

	December 31, 2018 $'000	March 31, 2018 $'000
Gross accounts receivable – customers	1,083,633	1,026,435
Allowance for forgiveness of instalments	(13,925)	(9,293)
Gross cash loans receivable – customers	272,697	238,692
Gross interest receivable	26,956	29,748
Unearned finance income	(353,809)	(323,146)
	1,015,552	962,436
Less: allowance for impairment	(80,210)	(73,987)
	935,342	888,449
Current portion of accounts receivable, net	(634,472)	(604,729)
Non-current portion of accounts receivable, net	300,870	283,720

b. Current portion of accounts receivable:

	December 31, 2018 $'000	March 31, 2018 $'000
Gross accounts receivable, cash loans and interest receivable – customers	960,021	900,002
Unearned finance income	(269,767)	(246,357)
Total accounts receivable	690,254	653,645
Less: allowance for impairment	(55,782)	(48,916)
	634,472	604,729

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

	December 31, 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	681,728	(8,425)	673,303	616,569	(8,123)	608,446
Past due 1-30 days	166,576	(7,458)	159,118	176,812	(7,341)	169,471
Past due 31-60 days	58,989	(6,900)	52,089	66,903	(7,482)	59,421
Past due 61-90 days	28,790	(7,298)	21,492	28,908	(6,808)	22,100
Past due 91-120 days	19,932	(8,559)	11,373	17,933	(7,673)	10,260
Past due 121-150 days	14,148	(8,232)	5,916	13,855	(7,854)	6,001
Past due 151-180 days	12,890	(9,109)	3,781	12,355	(8,314)	4,041
Past due more than 180 days	32,499	(24,229)	8,270	29,101	(20,392)	8,709
	1,015,552	(80,210)	935,342	962,436	(73,987)	888,449

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

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 nine months' period ended December 31, 2018 and twelve months' period ended March 31, 2018 is as follows:

	December 31, 2018 $'000	March 31, 2018 $'000
Balance at beginning of the period	73,987	64,519
Impairment losses recognized	68,157	90,239
Utilized during the period	(61,420)	(80,496)
Foreign exchange adjustment	(514)	(275)
	80,210	73,987

7. Property and equipment

	$'000
Cost	
Balance as of March 31, 2018	304,899
Additions	18,502
Disposals	(11,058)
Sales	(1,090)
Transfer of subsidiary	(6,388)
Reclassifications and adjustments	(70)
Translation adjustments	(3,469)
Balance as of December 31, 2018	301,326
Accumulated depreciation	
Balance as of March 31, 2018	153,936
Depreciation for the period	16,163
Disposals	(9,831)
Sales	(1,069)
Transfer of subsidiary	(84)
Reclassifications and adjustments	(10)
Translation adjustments	(2,052)
Balance as of December 31, 2018	157,053
Carrying amounts:	
At December 31, 2018	144,273
At March 31, 2018	150,963

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

8. Intangible assets

	$'000
Cost	
Balance as of March 31, 2018	206,570
Additions	8,184
Disposals	(1,144)
Sales	(630)
Reclassifications and adjustments	(218)
Translation adjustments	(5,646)
Balance as of December 31, 2018	207,116
Accumulated amortization	
Balance as of March 31, 2018	47,740
Amortization for the period	7,471
Disposals	(609)
Sales	(60)
Reclassifications and adjustments	10
Translation adjustments	(1,447)
Balance as of December 31, 2018	53,105
Carrying amounts:	
At December 31, 2018	154,011
At March 31, 2018	158,830

9. Inventories

As of December 2018, the Group's total inventory reached $292.5 million, representing an increase of +9.0% or +$24.3 million, compared with March 2018. The increase consists mainly of merchandise for resale (+19.1% or $42.0 million). Spare parts and goods in transit decreased by -6.6% and -36.3% versus March 2018. This situation is perceived in both Regions: the increment in merchandise for resale in Latin America equals +$22.3 million (+15.9%) and in Caribbean countries +21.6 million (+30.7%). Strong volume purchases made during the second quarter of the financial year to anticipate to the peak year-end season explains the Group's early overstock. Inventory stock reduction strategies are already in place to improve the inventory turnover of the Group and improve the efficiency of the inventory management. As a matter of fact, the inventory rotation rate improved between December 2018 and January 2019 passing from 2.87 to 3.02.

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

10. Acquisitions and sale of subsidiaries and businesses

a. The movement of Goodwill for the nine months ended December 31, 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	(2,257)
Balance as of December 31, 2018	65,812

The Goodwill balance for each of the following countries' acquisitions:

	December 31, 2018 $'000	**March 31, 2018** $'000
Costa Rica	31,278	33,609
Paraguay	10,117	10,117
Ecuador	21,159	21,159
Various Caribbean countries	3,258	3,184
	65,812	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 Company 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 by 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 cash	(115)

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

c. Effective October 1st, 2018 the Group completed the sale of its 100% shareholding in Unicon Investments Aruba N.V. to Redstart Investments, Limited (St. Lucia), a subsidiary of Redstart Investment Company Limited incorporated in the British Virgin Islands.

	2017 $'000
(i) Analysis of assets and liabilities disposed of:	
Property and equipment, net	6,304
Related company loans	(4,624)
Accounts payable - related company	(1,733)
Net liabilities disposed of the company	(53)

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	56
Cash and cash equivalents disposed of	(-)
Net assets disposed of the company	56

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

	Interest rates	December 31, 2018 $'000	March 31, 2018 $'000
11. Short-term borrowings			
Borrowings under short-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	December: NIL (March: 2.60% - 6.00%)	-	9,133
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	December: 4.78% - 5.48% (March: 4.98% - 5.48%)	32,038	1,106
Non-U.S. dollar based local functional currencies	December: 5.19% - 10.25% (March: 6.00% - 9.80%)	27,782	21,999
		59,820	32,238
Short-term loans:			
Non-U.S. dollar based local functional currencies	December: 6.00% - 6.50% (March: 6.50% - 9.00%)	9,193	17,628
Total short-term borrowings		69,013	49,866
12. Long-term borrowings			
Long-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	December: 6.00% - 7.19% (March: 2.80% - 6.00%)	6,900	19,321
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	December: 5.28% - 6.03% (March: 4.07% - 5.28%)	18,632	16,638
Non-U.S. dollar based local functional currencies	December: 9.00% - 13.00% (March: 8.00% - 9.85%)	15,394	14,223
		40,926	50,182
Long-term loans:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	December: 9.00% - 12.00% (March: 6.15% - 12.00%)	18,281	20,272
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	December: 6.24% - 9.09% (March: 5.98% - 8.71%)	388,807	403,608
Non-U.S. dollar based local functional currencies	December: 3.75% - 12.00% (March: 3.75% - 11.50%)	264,942	210,966
		672,030	634,846
Subtotal long-term borrowings		712,956	685,028

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

	December 31, 2018 $'000	March 31, 2018 $'000
Subtotal long-term borrowings	712,956	685,028
Less:		
Capitalized loan transaction costs:		
At beginning of the period	(5,937)	(7,012)
Arising on new loans	(1,096)	(99)
Amortized in interest expense for the period	969	1,182
Translation adjustments	(26)	(8)
	(6,090)	(5,937)
Carrying value of long-term borrowings	706,866	679,091
Less:		
Current portions of:		
Long-term loans	(99,230)	(62,609)
Lines of credit	(30,951)	(35,899)
	(130,181)	(98,508)
Total long-term borrowings	576,685	580,583

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

	December 31, 2018 $'000	March 31, 2018 $'000
Current portion	130,181	98,508
Between 1 and 2 years	66,290	106,628
Between 2 and 5 years	49,515	89,874
Over 5 years	466,970	390,018
	712,956	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 from 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	6,988	1,794	8,782
Amount used during the period	(5,559)	(874)	(6,433)
Translation adjustments	(76)	(718)	(794)
Balance as of December 31, 2018	6,523	14,687	21,210

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

14. Operating expenses

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

	Nine months ended December 31,	
	2018	**2017**
	$'000	$'000
Personnel expenses	200,209	199,502
Accounts receivable – impairment	68,157	68,995
Operating leases	51,247	50,724
Advertising	28,472	25,544
Depreciation of property and equipment and impairment	16,163	16,097
Amortization of intangible assets and impairment	7,471	6,072
Freight expenses	14,951	14,597
Commissions and others	11,779	10,206
Insurance	10,760	10,663
Utilities	10,283	10,083
Professional fees	9,327	13,112
Repairs and maintenance	8,804	8,296
Telecommunications	8,104	8,387
Maintenance and leasing computer equipment	7,367	5,766
Security services	5,372	5,228
Travel expenses	4,998	5,996
Insured warranty claims	4,381	4,240
External collection expenses	2,970	1,286
Municipal tax	2,473	3,186
Charitable donations	1,486	1,230
Other operating expenses, net	12,824	15,364
	487,598	484,574
Comprising:		
Distribution and selling expenses	393,883	398,874
Administrative expenses	93,715	85,700
	487,598	484,574

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

Wages and benefits	119,461	116,610
Commissions	35,843	35,454
Social security and pension cost	19,406	17,874
Other employee benefits	25,499	29,564
	200,209	199,502

The average number of full-time-equivalent employees for the nine months' period ended December 31, 2018, was 15,281 (2017: 15,997).

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 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 nine months ended December 31, 2018 was 39.97% (nine months ended December 31, 2017: 33.96%).

The increase of effective tax rate in the comparison is explained by downturn on Profit before tax in Nicaraguan subsidiaries due to a political crisis that has generated a significant loss for the nine months ended December 31st, 2018, and companies whose corporate taxes are calculated on net revenues (Unicoservi Guatemala) or where a minimum tax applies (Honduras, Dominican Republic and Belize).

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 controlling shareholders. Principal transactions with related parties are as follows:

	Nine months ended December 31,	
	2018	2017
	$'000	$'000
Expenses of operating leases	5,536	3,379
Expenses for logistics services	3,317	3,779
Charge for administrative services	885	627
Purchases of fixed assets	690	141
Purchases of merchandise	196	872
Expenses for advertising	299	427
Income from services provided	981	1,826
Income from operating leasing	761	564
Interest income on loan granted to affiliates	227	617
Income from logistics services	52	96
Income from services repairs	15	17
Sales of merchandise	29	4

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

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 $'000	2017 $'000
Within one year	57,961	49,638
Between one and five years	123,385	123,388
After five years	39,176	49,019
	220,522	222,045

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 headroom under bank lines of credit. As of December 31, 2018, the Group had $285,946,000 (December 2017: $326,138,956) of lines of credit, with available head rooms totaling $111,499,000 (December 2017: $194,828,922).
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.

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the nine months ended December 31, 2018
(expressed in U.S. dollars)

20. Equity

a. Share capital and share premium

	December 31, 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:		
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	-	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.

(ii) At the General Meeting of the Shareholders held on July 16, 2018, the shareholders of the Company authorized a distribution of US$11,320,000 consisting of share premiums in excess of its nominal capital, in lieu of payment of dividend.

b. Dividends

At the General Meeting of the Shareholders held on July 16, 2018, a dividend of $11,149,198 was declared from the retained earnings of the years ended before March 31, 2010.