GRUPO UNICOMER CO. LTD.
AND SUBSIDIARIES

CONSOLIDATED
FINANCIAL STATEMENTS

MARCH 31, 2019

Grupo Unicomer Co. Ltd. and subsidiaries

Index to the consolidated financial statements
March 31, 2019

KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
GRUPO UNICOMER CO. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Grupo Unicomer Co. Ltd. ("the company") and its subsidiaries ("the Group"), set out on pages 9 to 69, which comprise the consolidated statement of financial position as at March 31, 2019, the consolidated statements of income, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2019, and of the consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CO. LTD.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of goodwill and intangible assets

Key Audit Matter [see notes 8 and 9]	*How the matter was addressed in our audit*
The Group's goodwill and intangible assets are tested annually for impairment. There is inherent uncertainty involved in forecasting and discounting future cash flows, which requires management to make significant judgment in respect of factors such as discount rates and growth rates involving future trends in the business based on internal and external sources. Additionally, there are continuous changes in the business and economic environment in which the Group operates.	Our audit procedures in response to this matter, included: • With the assistance of our valuation specialist, evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted growth in operations. We compared management's assumptions to externally derived data as well as our own assessments in relation to key inputs such as projected economic growth, inflation, discount rates and competition. We also performed sensitivity analysis on the assumptions. • Assessing the reasonableness of the cash flow projections and the underlying assumptions, including agreeing inputs to source data and comparison of past budgets with actual performance. Where budgets deviated from historical performance or our expectations, we made inquiries of management to understand the nature and reasons for the variations.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CO. LTD.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (Continued)

1. Valuation of goodwill and intangible assets (Continued)

Key Audit Matter	*How the matter was addressed in our audit*
	• Assessing the adequacy of the Group's disclosures in accordance with IAS 36, *Impairment of Assets,* in particular, key assumptions made in the determination of the recoverable amounts of goodwill and intangible assets and sensitivity of the impairment assessment to changes in key assumptions.

2. Measurement of expected credit losses on financial assets

Key Audit Matter [see notes 2.10, 2.22 and 21A(i)]	*How the matter was addressed in our audit*
IFRS 9 was implemented by the Group on April 1, 2018. The standard is new and complex and requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgement and assumptions. The key areas requiring greater management judgement include the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.	Our audit procedures in response to this matter, included: • Obtaining an understanding of the models used by the Group for the calculation of expected credit losses, including governance over the determination of key judgements and assumptions. • Testing management process over the completeness and accuracy of the key data inputs into the IFRS 9 impairment models. • Testing the accuracy of the data used in the models to the underlying accounting records on a sample basis.

To the Members of
GRUPO UNICOMER CO. LTD.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (Continued)

2. Measurement of expected credit losses on financial assets (Continued)

Key Audit Matter [see notes 2.10, 2.22 and 21A(i)]	*How the matter was addressed in our audit*
The identification of significant increase in credit risk is a key area of judgement as the criteria determine whether a 12 -month or lifetime loss allowance is recorded. IFRS 9 requires the Group to incorporate forward-looking information, reflecting a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios. The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus. In addition, disclosures regarding the Group's application of IFRS 9 are key to understanding the change from IAS 39 as well as explaining the key judgements and material inputs to the IFRS 9 expected credit loss results.	• Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default and exposure at default and the incorporation of forward-looking information. • Assessing the adequacy of the disclosures of the key assumptions and judgements as well the details of the transition adjustment for compliance with the standard.

To the Members of
GRUPO UNICOMER CO. LTD.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (Continued)

3. Compliance with restrictive covenants in debt agreements

Key Audit Matter [see note 13]	*How the matter was addressed in our audit*
The Group has acquired substantial borrowings to finance its acquisitions as well as day-to-day operations. These financing agreements contain various covenants which include maintenance of certain financial ratios. Compliance is determined based on the terms established in the debt agreements and, accordingly, errors in the calculations may have a significant effect on the financial statements.	In order to evaluate compliance with restrictive covenants and reach a conclusion about the relevant assertions related to borrowings included in the separate financial statements, our audit procedures included the following: • Examining the relevant terms of the agreements including the debt covenants and the consequences of failure to meet the covenants. • Identifying provisions of debt agreements that provide for liens on assets or other restrictive covenants that require disclosure. • Performing a recalculation of the restrictive covenants on debt agreements, verifying the mathematical accuracy of management's calculations, vouching significant items to source documentation and assess whether compliance with covenants are supported by the calculations. • Assessing the adequacy of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CO. LTD.

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7-8, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

KPMG

Chartered Accountants
Kingston, Jamaica

July 23, 2019

To the Members of
GRUPO UNICOMER CO. LTD.

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

To the Members of
GRUPO UNICOMER CO. LTD.

Appendix to the Independent Auditors' report (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grupo Unicomer Co. Ltd. and subsidiaries

Consolidated statement of financial position
March 31, 2019
(expressed in U.S. dollars - Note 2.4)

	Notes	2019	2018
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	77,706	66,691
Accounts receivable, net	5b	572,792	604,729
Accounts receivable – related parties		5,600	2,560
Loan receivable – related parties		2,848	-
Other receivables and prepayments		43,029	43,393
Inventories, net	6	286,577	268,136
Deferred acquisition costs		22,593	23,686
Prepaid income taxes		17,317	13,858
Total current assets		1,028,462	1,023,053
Non-current assets			
Accounts receivable, net	5a	296,193	283,720
Loan receivable – related parties		11,041	13,949
Property and equipment, net	7	143,105	150,963
Intangible assets	9	158,273	158,830
Goodwill	8a	66,302	68,069
Retirement benefit assets	10	5,502	2,623
Deferred tax assets	11a	40,916	32,831
Other assets		4,891	3,883
Total non-current assets		726,223	714,868
Total assets		1,754,685	1,737,921

The notes on pages 15-69 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and subsidiaries

Consolidated statement of financial position
March 31, 2019
(expressed in U.S. dollars - Note 2.4)

	Notes	2019 $'000	2018 $'000
LIABILITIES			
Current liabilities			
Bank overdrafts, secured		2,338	3,839
Short-term borrowings	12	27,590	49,866
Current portion of long-term borrowings	13	104,883	98,508
Accounts payable		173,880	167,608
Accounts payable - related parties		1,811	1,571
Bonuses payable	14	3,795	2,893
Unearned premiums	2.15d	19,056	21,773
Other accounts payable and accruals		66,408	71,679
Current income tax liabilities		21,860	19,431
Provision for warranties	15	4,947	5,170
Total current liabilities		426,568	442,338
Non-current liabilities			
Long-term borrowings	13	595,927	580,583
Deferred warranty income	2.15	115,673	113,767
Bonuses payable	14	3,701	2,341
Employee benefit obligations	15	16,503	14,485
Deferred tax liabilities	11b	16,264	15,053
Total non-current liabilities		748,068	726,229
Total liabilities		1,174,636	1,168,567
EQUITY			
Share capital	16a	152,066	152,066
Share premium	16a	-	11,320
Retained earnings (including statutory reserves)		526,336	494,939
Currency translation reserve	2.4a	(98,353)	(88,971)
Total equity		580,049	569,354
Total liabilities and equity		1,754,685	1,737,921

Grupo Unicomer Co. Ltd. and subsidiaries

Consolidated statement of income
For the year ended March 31, 2019
(expressed in U.S. dollars - Note 2.4)

	Notes	2019 $'000	2018 $'000
Sales	2.15	1,216,354	1,205,383
Cost of goods sold		(862,834)	(851,427)
Gross profit on sales		353,520	353,956
Premium income	2.15	18,351	18,580
Finance income earned on credit operations	2.15	430,043	426,844
Total gross profit		801,914	799,380
Distribution and selling expenses	17	(514,262)	(527,885)
Administrative expenses	17	(120,635)	(118,020)
Other operating income		8,403	11,144
Operating profit		175,420	164,619
Financial income		570	1,152
Financial expense		(64,769)	(63,965)
Foreign exchange losses and other charges		(5,206)	(6,528)
Net finance costs		(69,405)	(69,341)
Profit before income tax		106,015	95,278
Income tax expense	18	(32,845)	(31,081)
Profit for the year		73,170	64,197

Grupo Unicomer Co. Ltd. and subsidiaries

Consolidated statement of profit or loss and other comprehensive income
For the year ended March 31, 2019
(expressed in U.S. dollars - Note 2.4)

	2019 $'000	2018 $'000
Profit for the year	73,170	64,197
Other comprehensive loss:		
Items that will never be reclassified to profit or loss:		
Remeasurement of employee benefits obligation	1,312	(2,523)
Related tax on remeasurement	(398)	121
Items that may be reclassified to profit or loss:		
Currency translation adjustments	(9,382)	(4,859)
Other comprehensive loss for the year	(9,553)	(7,261)
Total comprehensive income for the year	64,702	56,936

Grupo Unicomer Co. Ltd. and subsidiaries

Consolidated statement of changes in equity
For the year ended March 31, 2019
(expressed in U.S. dollars - Note 2.4)

	Share capital and share premium $'000 (note 16a)	Statutory reserves $'000 (note 16b)	Retained earnings $'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 year					
Profit for the year	-	-	64,197	-	64,197
Other comprehensive income/(loss):					
Remeasurement of employee benefit obligation, net of taxation	-	-	(2,402)	-	(2,402)
Currency translation adjustments	-	-	-	(4,859)	(4,859)
Other comprehensive (loss), for the year, net of taxation	-	-	(2,402)	(4,859)	(7,261)
Total comprehensive income/(loss) for the year	-	-	61,795	(4,859)	56,936
Transfers to statutory reserve	-	1,485	(1,485)	-	-
Transactions with owners recorded directly in equity					
Transfer of subsidiaries (note 8b)	-	-	(291)	-	(291)
Distribution of share premium (note 16a)	(17,758)	-	-	-	(17,758)
Total transactions with owners recorded directly in equity	(17,758)	-	(291)	-	(18,049)
Balances at March 31, 2018	163,386	14,810	480,129	(88,971)	569,354
Impact on initial application of IFRS 9, net of tax (note 2.22)	-	-	(23,768)	-	(23,768)
Impact on initial application of IFRS 15, net of tax (note 2.22)	-	-	(7,687)	-	(7,687)
Adjusted balances at April 1, 2018	163,386	14,810	448,674	(88,971)	537,899
Total comprehensive income for the year					
Profit for the year	-	-	73,170	-	73,170
Other comprehensive income/(loss):					
Remeasurement of employee benefit obligation, net of taxation	-	-	914	-	914
Currency translation adjustments	-	-	-	(9,382)	(9,382)
Other comprehensive income (loss), for the year, net of taxation	-	-	914	(9,382)	(8,468)
Total comprehensive income/(loss) for the year	-	-	74,084	(9,382)	64,702
Transfers to statutory reserve	-	2,118	(2,118)	-	-
Transactions with owners recorded directly in equity					
Transfer of subsidiaries (note 8c)	-	-	207	-	207
Distribution of share premium (note 16a)	(11,320)	-	-	-	(11,320)
Dividends paid (note 23)	-	-	(11,149)	-	(11,149)
Other adjustments	-	-	(290)	-	(290)
Total transactions with owners recorded directly in equity	(11,320)	-	(11,232)	-	(22,552)
Balances at March 31, 2019	152,066	16,928	509,408	(98,353)	580,049

Grupo Unicomer Co. Ltd. and subsidiaries

Consolidated statement of cash flows
For the year ended March 31, 2019
(expressed in U.S. dollars - Note 2.4)

	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit for the year		73,170	64,197
Adjustments for:			
Depreciation and impairment of property and equipment	7	21,471	21,288
Amortization of intangible assets and impairment	9	8,588	8,227
Loss on disposal of property and equipment and intangible assets		8,537	2,761
Increase in employee benefits provision		2,422	2,904
Increase in provision for warranties, net		4,171	6,290
Retirement benefits assets		292	32
Impairment of accounts receivable		85,028	90,239
Net finance costs		69,405	69,341
Income tax expense	18	32,845	31,081
		305,929	296,360
Changes in working capital:			
Increase in accounts receivable		(97,019)	(124,283)
(Increase)/decrease in accounts receivable - related parties		(2,782)	1,047
Decrease in other receivables and prepayments		365	874
Increase in retirement of benefits assets		(593)	(103)
(Increase)/decrease in inventories		(18,440)	534
Increase in deferred policy acquisition cost		1,093	3,014
Increase in other assets		(1,008)	(75)
Increase in accounts payable		9,417	24,204
Increase/(decrease) in accounts payable – related parties		1,974	(473)
Increase in bonuses payable		2,262	97
(Decrease)/increase in other accounts payable and accruals		(5,276)	2,099
Warranty provisions paid		(4,317)	(7,523)
Employee benefit provision paid		(1,616)	(1,001)
Increase in unearned premium reserve		(2,717)	1,280
Increase in deferred warranty income, net		1,906	3,028
		189,178	199,079
Interest received		570	1,152
Interest paid		(64,769)	(63,965)
Corporate income tax paid		(40,747)	(39,109)
Net cash provided by operating activities		84,232	97,157
Cash flows from investing activities			
Acquisition of property and equipment	7	(26,034)	(19,971)
Acquisition of intangible assets	9	(14,491)	(14,430)
Transfer of subsidiaries		56	5
Decrease in loans receivable – related parties		59	4,534
Net cash used in investing activities		(40,410)	(29,862)
Cash flows from financing activities			
Proceeds from short-term borrowings		115,452	149,451
Repayments of short-term borrowings		(137,728)	(178,478)
Proceeds from long-term borrowings		190,482	204,703
Repayments of long-term borrowing		(168,762)	(223,781)
Increase loans payable related parties		4,624	3,387
Bank overdraft		(1,501)	2,569
Translation adjustment in respect of foreign subsidiaries		(4,107)	(3,288)
Share premium paid	16a	(11,320)	(17,758)
Dividends paid	23	(11,149)	-
Net cash used in financing activities		(24,009)	(63,195)
Net increase in cash and cash equivalents		19,813	4,100
Cash and cash equivalents at the beginning of the period	4	66,691	68,488
Effect of movements in exchange rates on cash and cash equivalents		(8,798)	(5,897)
Cash and cash equivalents at end of year	4	77,706	66,691

The notes on pages 15-69 are an integral part of these consolidated financial statements.

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.

On June 27, 2019, the Company changed its legal domicile from BVI to the Republic of Panama and is, since then, called Grupo Unicomer Corp.

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 [note 13 (c)].

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

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board.

The financial statements on pages 9 to 66 were tabled at a meeting of the Board of Directors on June 24, 2019 and it was agreed that the Chairman approve the final issue of these financial statements, which occurred on July 23, 2019.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the defined benefits asset which is recognised as the difference between the present value of the defined benefit obligation at reporting date and the fair value of the plan assets together with adjustments for actuarial gains and losses and past service costs.

2.3 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquired; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired; less

- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

- when the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date.

(ii) Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The company and its subsidiaries are collectively referred to as “ The Group”.

(iii) Loss of control

On the loss of control, the Group derecognizes the asset and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The principal subsidiaries, which are all wholly-owned, are:

Country of incorporation	Name of subsidiaries
United States of America Group:	
British Virgin Islands	Facilito Overseas Holding Co. Ltd. (i)
United States of America	Unicredit, Inc. Unicomer USA Holding, Inc. Unicomer Texas, LLC Unicomer West Coast, LLC (inactive)
Latin America Group:	
British Virgin Islands	Unicomer Latin America Co. Ltd. (ii)
Guatemala	Unión Comercial de Guatemala, S.A. Unicoservi, S.A. Ceteco de Guatemala, S.A.(iii)

El Salvador	Union Comercial de El Salvador, S.A. de C.V. Unicoservi, S.A. de C.V.
Panama	Samoil International Corp.
Nicaragua	Union Comercial de Nicaragua, S.A. Unicoservi, S.A.
Ecuador	Unicomer de Ecuador, S.A.
Honduras	Union Comercial de Honduras, S.A. de C.V.
Costa Rica	Union Comercial de Costa Rica Unicomer, S.A. El Gallo más Gallo de Alajuela, S.A. Desalmacenadora Guayaquil, S.A. Importadora Punto Nueve, S.A. El Gallo de San Isidro, S.A.
Dominican Republic	Union Comercial de República Dominicana, S.A.
Paraguay	Wisdom Product S.A. Unicomer Paraguay, S.A.

Caribbean Group:

St. Lucia	Unicomer Caribbean Holding Co. Ltd. Unicomer (St. Lucia) Ltd.
Belize	Unicomer (Belize) Ltd.
Jamaica	Unicomer (Jamaica) Ltd.
St. Kitts & Nevis	Unicomer (St. Kitts & Nevis) Ltd.
Antigua & Barbuda	Unicomer (Antigua & Barbuda) Ltd.
Dominica	Unicomer (Dominica) Ltd.
St. Vincent & The Grenadines	Unicomer (St. Vincent) Ltd.
Grenada	Unicomer (Grenada) Ltd.
Trinidad & Tobago	Unicomer (Trinidad) Ltd. Bluestart Capital (Trinidad) Ltd. (inactive) (iv)
Aruba (v)	Unicomer (Aruba) N.V. Unicon N.V. Antillian Mercantile Corporation N.V. (inactive) International Agencies Aruba N.V. (inactive) Hagemyer (Aruba) N.V. (inactive)
Guyana	Unicomer (Guyana) Inc.
Barbados	Caribbean Licensing Corporation Unicomer (Barbados) Ltd.
Curacao, Bonaire and Sint Maarten	Unicomer (Curacao) B.V.

(expressed in U.S. dollars - Note 2.4)

Other subsidiaries:

El Salvador	Unicomer Corporativo, S.A. de C.V.
Guatemala	Laboratorio Unicomer, S.A. Unilab Export, S.A.
Panamá	Global Franchising Corporation Unicorp International Services Inc.
British Virgin Islands	Regal Worldwide Trading Inc. (vi)
United States of America	Regal Worldwide Trading LLC
Bermuda	Canterbury Insurance Co. Ltd.

i. On June 27, 2019 the subsidiary Facilito Overseas Holding Co. Ltd. changed its legal domicile to the Republic of Panama, and is now called Facilito Overseas Holding Corp.

ii. On June 27, 2019 the subsidiary Unicomer Latin America Co. Ltd. changed its legal domicile to the Republic of Panama, and is now called Unicomer Latin America Corp.

iii. The shareholders of the subsidiaries Union Comercial de Guatemala, S.A. and Ceteco de Guatemala, S.A., in meeting held on the 14th of January 2019, authorized their merger. The surviving entity will be Union Comercial de Guatemala, S.A. The merger is expected to be concluded during 2019.

iv. On October 5, 2018, Unicomer Capital (Trinidad) Ltd. changed its name to Bluestart Capital (Trinidad) Ltd.

v. The subsidiary Unicon Investments Aruba N.V. was sold by the Group on October 1, 2018 [note 8c].

vi. On June 27, 2019 the subsidiary Regal Worldwide Trading (RWT) Inc. changed its legal domicile to the Republic of Panama.

2.4 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of the Company and each subsidiary are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in S. dollars, which is the Company's functional currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss, unless the relevant assets form part of the net investment in a foreign subsidiary, in which case any exchange gains or losses are recognized through other comprehensive income and reflected in the currency translation reserve.

c. Group companies

The results and financial position of all the subsidiaries that have functional currencies different from the Company's functional currency are translated to U.S. dollars as follows:

(i) Assets and liabilities are translated at the closing rate at the reporting date;

(ii) Share capital and retained earnings are converted at historical rates; Income and expenses are translated at average exchange rates; and

(iii) All resulting exchange differences are recognized through Other Comprehensive Income and reflected in the currency translation reserve, a component of shareholders' equity.

2.5 Cash and cash equivalents

Cash and cash equivalents are measured at amortized cost and include cash in hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management activities are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2.6 Accounts receivable

Customer receivables are measured at amortized cost less allowance for impairment losses. An allowance for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the contract. The amount of the allowance is the difference between the carrying amount and the recoverable amount (note 2.21)

2.7 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated expenditures necessary to realize the sale. An impairment allowance is recognized where the recoverable amount of inventories is likely to be less than cost.

2.8 Property and equipment, net

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Property and equipment of acquired subsidiaries are recognized at the fair value at the date of acquisition. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Group and its cost can be reliably measured. The costs of day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation is calculated on the straight-line basis at rates estimated to write down the assets to residual values over their expected useful lives. Land is not depreciated. Depreciation rates are as follows:

Buildings	2.5%
Leasehold improvements	20.0% - 33.3% (or over the period of the lease)
Furniture and fixtures	20.0%
Computers, office equipment	33.3%
Vehicles	18.0%
Constructions on leased land	over the period of the lease

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

2.9 Intangible assets, net

a. Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquire. Goodwill is measured at cost less any accumulated impairment losses.

b. Software

Acquired computer software licenses as well as third party and internal costs directly associated with the development of software are capitalized as intangible assets on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortized over their estimated useful lives (three to eight years). Internal costs associated with maintaining computer software programs are recognized as expense as incurred.

c. Brand names and trademarks

Brand names and trademarks are shown at cost less any impairment losses.

d. Other intangible assets

Other intangible assets including customer relationships acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

e. Deferred policy acquisition costs

Policy acquisition costs are deferred on a basis consistent with that used for deferring premium income (see note 2.15).

f. Amortization

Amortization is recognized in profit or loss on the straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use, unless the assets are deemed to have indefinite lives. The estimated lives of the Group's customer relationships are as follows:

Courts Caribbean	15 years (see note 9)
Artefacta Ecuador	10 years (see note 9)
Gollo Costa Rica	10 years (see note 9)
Electrofacil Paraguay	10 years (see note 9)

The trademarks acquired by the Group are assessed to have indefinite useful lives and are tested annually for impairment.

2.10 Impairment of assets

Financial assets

Policy applicable from April 1, 2018

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost; and
- contract assets

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The Group recognizes loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realizing security if any is held; or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs:

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortized costs are credit impaired. A financial asset is ‘credit impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Policy applicable before April 1, 2018

A provision for impairment is established if there is objective evidence that the group will not be able to collect all amounts due according to the original contractual terms. The amount of the provision is the difference between the carrying amount and the recoverable amount.

Non- financial assets

The carrying amount of the group's non-financial assets (other than inventories and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

2.11 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in income over the period of the borrowings using the effective interest method.

2.12 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation arising out of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be estimated reliably.

2.13 Provisions for warranties

The Group recognizes the estimated liability to repair or replace products for up to one year in respect of items still under warranty at the reporting date. This provision is calculated based on the past history of the level of repairs and replacements.

2.14 Capital

Ordinary shares, which have equal voting rights, are classified as equity. The holders of the ordinary shares are entitled to dividends as declared from time to time by the General Shareholders Assembly. Dividends payable are recognized when declared.

2.15 Revenue recognition

The effects of initially applying IFRS 15 on the Group's revenue from contracts is described in note 2.22.

Revenue recognition under IFRS 15 (applicable from April 1, 2018).

Revenue from services is measured at fair value of the consideration received or receivable, net of volume rebates and sales taxes.

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15 (applicable from April 1, 2018).*
Sale of goods	Sales are recognized when the Group has delivered products to the customer, the customer has accepted the products, and collectability of the related receivables is reasonably assured, after sale returns and discounts.	Revenue from sales are recognized at the point in time when the goods are delivered to the customers.
Finance income	Finance income is recognized in revenue over the life of the related hire purchase contract so as to produce a constant rate of return on the net investment.	Interest incorporated in the price of credit sales, or, as is the practice in some countries, separate financing granted by the Group, is recognized under the effective interest method.
Premiums and extended warranties	Premiums are calculated based upon the sum insured for consumer payment protection. Extended warranties are optionally purchased by customers over the standard warranty period.	Premiums on payment protection policies are recorded as reported and earned over the weighted average period of the risks. Extended warranty contracts is deferred and recognized over the period of the contracts.

Applicable before April 1, 2018

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities.

Revenue is shown net of sales and value added taxes, returns, rebates, and discounts. Revenue is recognized as follows:

(a) Sale of goods
Sales are recognized when the Group has delivered products to the customer, the customer has accepted the products, and collectability of the related receivables is reasonably assured. Sales are usually financed by the Group, and some are made in cash or by credit card. Revenue is recognized at the fair value of consideration received, after sales returns and discount. Transaction fees are included in distribution and selling expenses.

(b) Revenue recognition and unearned charges
Hire purchase and financing charges are recognized in revenue over the life of the related installment contract so as to produce a constant rate of return on the net investment. Installment receivables at the reporting date are carried at amortized cost.

(c) Finance income
Finance income, excluding credit protection insurance premium is recognized on a basis approximating the effective interest method.

(d) Insurance premiums and extended warranties

Premiums are calculated based upon the sum insured for consumer payment protection. Premiums on payment protection policies are recorded as reported and earned over the weighted average period of the risks, with the unearned portion recognized as a liability. The average period of the risks is reassessed on a periodic basis.

Revenue from the sale of extended warranty contracts is deferred and recognized over the period of the contracts. Direct selling costs, principally sales commissions, associated with the sale of extended warranty contracts is similarly deferred and amortized.

2.16 Operating leases

Leases under which the significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

2.17 Financial expense

Financial expense represents interest expense and is recognized in profit or loss using the effective interest method. The effective interest rate is the rate method that exactly discounts the estimated future cash payments through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

2.18 Employee benefits

a. Termination benefit obligations

In certain countries the employment laws require employers to also pay a lump sum to employees when they resign from the Group. The lump sum amount is normally based on each employee’s monthly salary and years of service (see note 15). These benefits are accrued based on actuarial estimates and reflected as non-current liabilities.

b. Pension benefits

Certain subsidiaries as well as their employees pay contributions to a pension plan authorized by the respective governments. The subsidiaries have no further payment obligations once the contributions have been paid. The contributions by the Group are recognized as personnel expenses when they are due.

Certain other subsidiaries participate in pension plans under the responsibility of appointed trustees (defined-benefit and defined contribution pension plans), the assets of which are held separately from those of the subsidiaries and remain under the control of the appointed trustees.

Obligations for contributions to the defined contribution pension plans are recognized as an expense in profit or loss as incurred.

The asset recognized in respect of the defined benefit plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of the plan assets. To the extent that the obligation is less than the fair value of the plan assets, the asset recognized is restricted to the discounted value of future benefits available to the Group in the form of future refunds or reductions in contributions.

The defined benefit obligations are determined annually by independent actuaries, using the Projected Unit Credit Method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liabilities.

The Group determines the net interest income on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit asset at the beginning of the annual period to the net defined benefit asset for the year, taking into account any changes in the asset during the period as a result of contributions and benefit payments. Net interest income and other post-retirement expenses are recognized in profit or loss. Re-measurements of the net defined benefit assets/obligations, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income.

When the benefits of a plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c. Bonus plan

The Group recognizes a liability and an expense for bonuses using a formula that takes into consideration certain factors, such as achievement of budget goals, growth rates, etc. The Group recognizes the provision for bonuses based on contractual or constructive obligations.

2.19 Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit and loss except to the extent that it relates to items recognized directly to other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.20 Related parties

A related party is a person or entity that is related to the Group that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity", in this case, the Group).

a. A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

b. An entity is related to a Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

2.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity.

Policy applicable after April 1, 2018

(i) Recognition and initial measurement

The Group recognizes a financial instrument when it becomes a party to the contractual terms of the instrument. The Group initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(ii) Classification of financial instruments

On initial recognition, the Group classifies financial assets as measured at amortized cost.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVOCI:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Business model assessment:

In making an assessment of the objective of the business model in which a financial asset is held, the Group considers all of the relevant information about how the business is managed.

The Group has determined that it has one business model:

- Held to collect business model: this includes cash and cash equivalents, other receivables, accounts receivable – related parties and loan receivable – related parties. These financial assets are held to collect contractual cash flows.

Assessment whether contractual cash flows are solely payment of principal and interest (SPPI):

- For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- leverage features, that modify consideration of the time value of money such as periodic reset of interest rates;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

Policy applicable before April 1, 2018

(a) Financial assets

The Group classifies its financial instruments as “loans and receivables”, depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date. At the reporting date, financial assets include accounts receivable, related party receivables, other receivables and prepaid expenses, and cash and cash equivalents.

(b) Financial liabilities

The Group’s financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, borrowings, accounts payable-trade other accounts payable and accruals and accounts payable-related parties were classified as financial liabilities.

2.22 New, revised and amended standards and interpretations that became effective during the year:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. This is the first set of the Group's annual financial statements in which IFRS 9 *Financial Instruments*, and IFRS 15 *Revenue from Contracts with Customers*, have been applied from April 1, 2018.

Changes to significant accounting policies are described as follows:

The Group has initially adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* from April 1, 2018.

The effect of initially applying these standards is mainly attributed to the following:

– additional disclosures, impairment and adjustments related to IFRS 9 [see notes 2.10, 2.21, 5(c) and 21(a)];
– additional disclosures and adjustments related to IFRS 15 [see note and 2.15].

The impact, net of tax, on transition to IFRS 9 and IFRS 15 on retained earnings:

	Retained earnings $'000
Balances as at March 31, 2018 under IAS	480,129
Recognition of expected credit loss	(23,768)
Recognition of deferred income	(7,687)
Balance as at April 1, 2019 under IFRS	448,674

Except for the changes below, the Group has consistently applied the accounting policies as set out in this note to all periods presented in these financial statements.

IFRS 15, *Revenue from Contracts with Customers*

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 was effective on April 1, 2018 and supersedes all existing guidance on revenue recognition.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. April 1, 2018).The adoption of IFRS 15 impacted the timing or amount of sales from contracts with customers and the related assets and liabilities recognized by the Group. Accordingly, the impact on the comparative information is limited to new disclosure requirements (2.15) and adjustments below:

	$'000
Unearned Finance Income prior to IFRS 15 (March 31, 2018)	323,146
Deferred income adjustment at April 1, 2018	10,520
Unearned Finance Income under IFRS 15 (April 1, 2018)	333,666
Related deferred tax effect	2,833

IFRS 9, *Financial Instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.
As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in separate presentation in the statement of profit or loss and OCI.

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but have not been applied to the comparative information.

Transition

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that application to IFRS 9's impairment requirements at April 1, 2018, results in an additional allowance for impairment as follows:

	$'000
Loss allowance under IAS 39 (March 31, 2018)	73,987
Additional impairment recognized at April 1, 2018:	
Accounts receivable – customers	26,790
Loss allowance under IFRS 9 (April 1, 2018)	100,777
Related deferred tax effect	3,022

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except that comparative periods generally have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in retained earnings as at April 1, 2018, along with the related deferred tax effect of $3,021,000. Accordingly, the information presented for March 31, 2018, does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the consolidated financial statements
For the year ended March 31, 2019
(expressed in U.S. dollars - Note 2.4)

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables, and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

For an explanation of how the Group classifies and measures financial instruments under IFRS 9, see note 2.21.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at April 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	IAS 39 carrying amount at March 31, 2018	Remeasurement	IFRS 9 carrying amount at April 1, 2018
				$'000	$'000	$'000
Financial Assets						
Current assets						
Cash and cash equivalents		Loans and receivables	Amortized cost	66,691	-	66,691
Accounts receivable, net	(a)	Loans and receivables	Amortized cost	604,729	(26,790)	577,939
Accounts receivable – related parties		Loans and receivables	Amortized cost	2,560	-	2,560
Other receivables and prepaid expenses		Loans and receivables	Amortized cost	43,393	-	43,393
Non-current assets						
Accounts receivable, net		Loans and receivables	Amortized cost	283,720	-	283,720
Loan receivable – related parties		Loans and receivables	Amortized cost	13,949	-	13,949
Total financial assets				1,015,042	(26,790)	988,252
Current liabilities						
Short-term borrowings		Amortized cost	Amortized cost	49,866	-	49,866
Current portion of long - term borrowings		Amortized cost	Amortized cost	98,508	-	98,508
Accounts payable		Amortized cost	Amortized cost	167,608	-	167,608
Accounts payable – related parties		Amortized cost	Amortized cost	1,571	-	1,571
Other accounts payable and accruals		Amortized cost	Amortized cost	71,679	-	71,679

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	Note	Original classification under IAS 39	New classification under IFRS 9	IAS 39 carrying amount at March 31, 2018	Remeasurement	IFRS 9 carrying amount at April 1, 2018
				$'000	$'000	$'000
Non-current liabilities						
Long-term borrowings		Amortized cost	Amortized cost	580,583	-	580,583
Total financial liabilities				969,815	-	969,815

Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. An increase of $23,768,000 in allowances for impairment over these receivables was recognized in opening retained earnings at April 1, 2018 on transition to IFRS 9.

Impairment of financial assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Additional information about how the Group measures allowance for impairment is described in note 2.10.

2.23 New standards and interpretations of, and amendments to existing standards that were issued but not yet effective:

At the date of authorization of these financial statements, certain new standards, and amendments to and interpretations of existing standards, which were in issue were not effective at the reporting date and had not been early-adopted by the Group. The Group is assessing them and has determined that the following are relevant to its financial statements.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after April 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognizing new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of $5,000 or less annually.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  The Group expect IFRS 16 to have a material impact on the Group’s financial statements in the period of initial application.

  The Group will recognize new assets and liabilities for its operating leases of its offices and stores (see note 20). The nature of expenses related to those leases will now change because the Group will recognize a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

Based on the information currently available, the Group estimates that it will recognize lease liabilities of $275.6 million as at April 1, 2019. The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the revised maximum leverage threshold loan covenant described in note 13.

The Group plans to apply IFRS 16 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before April 1, 2019 and identified as leases in accordance with IAS 17.

- Amendments to IFRS 9, *Financial Instruments*, effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

  (i) Prepayment features with negative compensation:

  Financial assets containing prepayment features with negative compensation can now be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

  (ii) Modifications to financial liabilities:

  If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognized as an adjustment to the carrying amount of the liability and are amortized over the remaining term of the modified liability.

  The Group is assessing the impact that the amendment will have on its 2020 financial statements.

- IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after April 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

  An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment that is adopted in its income tax filing.

  If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better prediction of the resolution of the uncertainty.

The Group is assessing the impact that the interpretation will have on its 2020 financial statements.

2.24 Segment reporting:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assesses its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CEO, the Group has three (3) operating segments; Caribbean Group, Latin American Group and Other (note 25).

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best information of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgment and or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed below:

3.1 Judgment in applying revenue recognition policy

Finance charges on customer accounts receivable are recognized over the life of the related contract using the "sum of the digits" method which management has determined approximates to a constant rate of return on the net investment.

3.2 Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Allowance for impairment losses on accounts receivable

Applicable after April 1, 2018

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimate the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainly inherent in such estimates.

Applicable before April 1, 2018

In determining amounts recorded for impairment losses in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from receivables. The allowance for impairment losses is estimated based on historical evidence regarding the deterioration of accounts as they move into older aging buckets and eventual write-off.

b. Net realizable value of inventories

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing as at that date. Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

c. Retirement benefit assets and post-employment benefit obligations

The amounts recognized in the Group's statements of financial position and profit or loss and other comprehensive income for certain pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognized include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The expected return on plan assets considers the long-term returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimated yield on long-term government securities that have maturity dates approximating the term of the Group's obligation. The estimate of expected rate of increase in medical costs is determined based on inflationary factors.

Any changes in the foregoing assumptions will affect the amounts recorded in the financial statements for these obligations.

d. Intangible assets

As discussed in note 9, management has made certain key assumptions with respect to the discounted cash flow projections for the purpose of impairment testing of intangible assets.

e. Provisions for warranties

The Group recognizes the estimated liability to repair or replace products for up to one year in respect of items still under warranty at the reporting date. This provision is calculated based on the past history of the level of repairs and replacements.

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4. Cash and cash equivalents

		2019 $'000	2018 $'000
Cash in bank and on hand	a.	72,152	60,407
Cash in savings accounts		3,487	735
Short-term bank deposits	b.	1,616	2,482
Restricted funds	c.	451	3,067
		77,706	66,691

a. This is comprised mainly of amounts held in current accounts.

b. The effective interest rate on short-term bank deposits range from 0.25% - 2% (2018: 0.10% - 7.76%). These deposits have an average maturity of 30 days.

c. As of March 31, 2019 Unicomer (Trinidad) Ltd. has the sum of $451,000 (2018: $3,024,000) held on deposit by a local bank as a security for the partial guarantee of a loan in favor of Redstart Investments Trinidad, Ltd. (related party) for the purpose of constructing the Freeport Campus situated at Calcutta No. 1 Settlement, Freeport, Trinidad and Tobago, for which Unicomer is the sole tenant.

   As of March 31, 2018, Unicomer de Ecuador, S.A. had restricted funds of $42,732 as collateral for loans with two financial institutions related with the securitization of portfolio.

5. Accounts receivable

a. Accounts receivable as at March 31, 2019 and 2018 are as follows:

	Note	2019 $'000	2018 $'000
Gross accounts receivable – customers		1,013,248	1,026,435
Allowance for forgiveness of instalments		(9,606)	(9,293)
Gross cash loans receivable – customers		278,682	238,692
Gross interest receivable		25,436	29,748
Unearned finance income		(345,139)	(323,146)
		962,621	962,436
Less: allowance for impairment	2.10	(93,636)	(73,987)
		868,985	888,449
Current portion of accounts receivable, net		(572,792)	(604,729)
Non-current portion of accounts receivable, net		296,193	283,720

b. Current portion of accounts receivable:

	2019 $'000	2018 $'000
Gross accounts receivable, cash loans and interest receivable – customers	908,431	900,002
Unearned finance income	(260,266)	(246,357)
Total accounts receivable due within one year	648,165	653,645
Less: allowance for impairment	(75,373)	(48,916)
	572,792	604,729

c. The movement in the allowance for impairment of receivables during the year is as follows:

	Note	2019 $'000	2018 $'000
Balance at beginning of year		73,987	64,519
Impact on initial application of IFRS 9		26,790	-
Restated beginning balance	2.22	100,777	64,519
Impairment losses recognized	17a	85,028	90,239
Utilized during the year		(91,048)	(80,496)
Foreign exchange adjustment		(1,121)	(275)
		93,636	73,987

6. Inventories

	2019 $'000	2018 $'000
Merchandise for resale	239,772	219,178
Spare parts	6,076	6,517
Goods in-transit	49,687	49,920
	295,535	275,615
Less: allowance for obsolescence	(8,958)	(7,479)
	286,577	268,136

During the year, the Group recognized an expense of: $2,004,000 (2018: $2,078,000) in respect of allowance for obsolescence to reduce the inventories to their net realizable value.

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7. Property and equipment, net

	Land and building $'000	Leasehold improvements $'000	Furniture and fixtures $'000	Vehicles $'000	Computer hardware and office equipment $'000	Projects in process $'000	Total $'000
Cost							
Balance as of March 31, 2017	114,160	70,595	59,711	11,457	37,015	12,977	305,915
Additions	1,424	2,899	4,358	1,094	2,501	7,695	19,971
Disposals	(65)	(2,849)	(2,511)	(735)	(2,232)	(271)	(8,663)
Sales	-	-	(176)	(256)	(258)	(101)	(791)
Transfer of subsidiary	(8,635)	-	(620)	-	-	-	(9,255)
Transfers	(101)	5,065	503	338	604	(6,105)	304
Reclassifications	(332)	634	331	24	166	(823)	-
Adjustments	(135)	104	(28)	(8)	(55)	(103)	(225)
Translation adjustments	(304)	(952)	(363)	(127)	(557)	(54)	(2,357)
Balance as of March 31, 2018	106,012	75,496	61,205	11,787	37,184	13,215	304,899
Additions	1,244	4,392	6,716	1,238	3,446	8,998	26,034
Disposals	-	(4,105)	(10,211)	(542)	(3,654)	(667)	(19,179)
Sales	(136)	(22)	(145)	(373)	(1,200)	-	(1,876)
Transfers	153	2,750	952	217	1,100	(4,954)	218
Transfer of subsidiary	(1,275)	-	-	-	-	(5,113)	(6,388)
Reclassifications	1,942	(1,684)	4,313	6	(3,285)	(1,292)	-
Adjustments	(2)	(99)	(33)	(42)	782	(3,812)	(3,206)
Translation adjustments	183	(1,150)	(540)	(151)	(318)	(254)	(2,230)
Balance as of March 31, 2019	108,121	75,578	62,257	12,140	34,055	6,121	298,272
Accumulated depreciation							
Balance as of March 31, 2017	23,651	47,446	39,678	6,365	25,677	-	142,817
Depreciation for the year	2,230	7,681	6,193	1,401	3,783	-	21,288
Disposals	(57)	(2,251)	(1,865)	(570)	(2,171)	-	(6,914)
Transfer of subsidiary	(409)	-	(401)	-	-	-	(810)
Sales	-	-	(176)	(144)	(246)	-	(566)
Reclassifications	(337)	337	(175)	-	175	-	-
Adjustments	(27)	(5)	(43)	(1)	(26)	-	(102)
Translation adjustments	(127)	(747)	(357)	(89)	(457)	-	(1,777)
Balance as of March 31, 2018	24,924	52,461	42,854	6,962	26,735	-	153,936
Depreciation for the year	1,932	7,769	6,325	1,439	4,006	-	21,471
Disposals	(111)	(3,788)	(10,158)	(451)	(3,137)	-	(17,645)
Sales	-	(10)	(134)	(297)	(900)	-	(1,341)
Transfer of subsidiary	(84)	-	-	-	-	-	(84)
Reclassifications	-	-	1,831	-	(1,831)	-	-
Adjustments	18	(75)	(93)	(41)	676	-	485
Translation adjustments	(213)	(818)	(418)	(68)	(138)	-	(1,655)
Balance as of March 31, 2019	26,466	55,539	40,207	7,544	25,411	-	155,167
Carrying amounts:							
At March 31, 2019	81,655	20,039	22,050	4,596	8,644	6,121	143,105
At March 31, 2018	81,088	23,035	18,351	4,825	10,449	13,215	150,963

8. Acquisition of subsidiaries and businesses

a. The movement of Goodwill for the years ended March 31, 2019 and 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	(1,767)
Balance as of March 31, 2019	66,302

The Goodwill balance corresponds for the following countries acquisition:

	2019 $'000	2018 $'000
Costa Rica	31,765	33,609
Paraguay	10,117	10,117
Ecuador	21,159	21,159
Other Caribbean countries	3,261	3,184
	66,302	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 Investments Limited incorporated in the British Virgin Islands.

(i) Analysis of assets and liabilities disposed of:

	$'000
Cash and cash equivalents	120
Other receivables and prepayments	44
Property and equipment, net	8,286
Bank loans payable	(3,918)
Related company loans payable	(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:

	$'000
Consideration received	5
Cash and cash equivalents disposed of	(120)
Net cash	(115)

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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 Limited incorporated in the British Virgin Islands.

(i) Analysis of assets and liabilities disposed of:

	$'000
Property and equipment, net	6,304
Related company loans	(4,624)
Accounts payable - related company	(1,736)
Net liabilities disposed of the company	(56)

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

(ii) Consideration on disposal:

	$'000
Consideration received	56
Cash and cash equivalents disposed	-
Net assets disposed of the company	56

9. Intangible assets

	Software	Brands/ trademarks	Customer relationships	Projects in process	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
Balance as of March 31, 2017	42,811	79,431	53,912	17,279	481	193,914
Additions	1,146	-	-	12,912	372	14,430
Impairment and loss on disposals	(132)	-	-	(560)	-	(692)
Sales	-	-	-	(375)	-	(375)
Transfers	4,470	-	-	(4,774)	-	(304)
Reclassifications	-	2,796	(2,796)	-	-	-
Adjustments	-	-	380	-	-	380
Translation adjustments	(129)	(138)	(194)	(322)	-	(783)
Balance as of March 31, 2018	48,166	82,089	51,302	24,160	853	206,570
Additions	5,096	-	-	9,395	-	14,491
Disposals	(1,234)	-	-	(420)	(22)	(1,676)
Sales	(309)	-	-	(2,115)	-	(2,424)
Transfers	4,352	-	-	(4,570)	-	(218)
Reclassifications	-	(2,416)	2,416	-	-	-
Translation adjustments	(352)	(2,413)	(1,535)	(273)	-	(4,573)
Balance as of March 31, 2019	55,719	77,260	52,183	26,177	831	212,170

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	Software	Brands/ trademarks	Customer relationships	Projects in process	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated amortization						
Balance as of March 31, 2017	13,481	1,005	24,838	-	345	39,669
Amortization for the year	3,263	-	4,883	-	81	8,227
Disposals	(24)	-	-	-	-	(24)
Reclassifications	-	(1,005)	1,005	-	-	-
Translation adjustments	(73)	-	(59)	-	-	(132)
Balance as of March 31, 2018	16,647	-	30,667	-	426	47,740
Amortization for the year	4,053	-	4,455	-	80	8,588
Disposals	(1,184)	-	-	-	(23)	(1,207)
Sales	(117)	-	-	-	-	(117)
Translation adjustments	(185)	-	(922)	-	-	(1,107)
Balance as of March 31, 2019	19,214	-	34,200	-	483	53,897
Carrying amounts:						
At March 31, 2019	36,505	77,260	17,983	26,177	348	158,273
At March 31, 2018	31,519	82,089	20,635	24,160	427	158,830

Key assumptions used in the calculation of recoverable amounts of goodwill, brands/trademarks and customer relationships are discount rates, terminal value growth rates and EBITDA growth rates. The values assigned to the key assumptions represented management's assessment of future trends in the retail business in those countries and were based on both external and internal sources (historical data).

The key assumptions were as follows:

	Discount rate		Terminal value growth rate		Budgeted EBITDA growth rate	
	2019	2018	2019	2018	2019	2018
Caribbean	10.0%	10.5%	2.5%	2.5%	4.9%	5.3%
Ecuador	9.7%	9.8%	2.5%	2.5%	11.9%	7.0%
Costa Rica	10.9%	8.7%	2.5%	2.5%	11.3%	11.3%
Paraguay	10.9%	10.1%	2.0%	2.5%	N/A*	17.0%

* N/A due to EBITDA currently being negative

The discount rate is a post-tax measure estimated based on past experience and the weighted average cost of capital. In the case of Ecuador it is based on a debt to equity ratio of 1.5 (2018: 1.5) at a market debt rate of 6.8% (2018: 6.8%). In the case of Costa Rica it is based on a debt to equity ratio of 1.5 (2018: 1.2) at a market debt rate of 10.9% (2018: 9.8%). In the case of the Caribbean it is based on a debt to equity ratio of 1.5 (2018: 1.5) at market debt rate of 7.5% (2018: 7.5%). In the case of Paraguay it is based on a debt to equity ratio of 1.5 (2018: 1.5) at a market debt rate of 6.7% (2018: 9.0%).

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity was determined based on management's estimate of the long-term compound annual growth rate in EBITDA, which management believed was consistent with the assumption that a market participant would make.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience and estimated specific revenue growth rates for the next five years. Once these base revenue numbers were estimated, it was assumed that prices would increase in line with forecast inflation for the next five years.

At March 31, 2019, the estimated recoverable amount of the CGU (enterprise value) exceeded the aggregate carrying amounts of investments in subsidiaries, including customer relationships, brands/trademarks and goodwill, plus net borrowings by approximately $36,395,000 (2018: $109,715,000) in the case of Costa Rica; $475,363,000 (2018: $402,439,000) in the case of the Caribbean; $55,944,000 (2018: $135,122,000) in the case of Ecuador; and $434,000 (2018: $21,782,000) in the case of Paraguay. In the latter case of Paraguay, the recoverable amount is after the goodwill impairment of $36,500,000 recorded at March 2016.

Management has identified two key assumptions for which a reasonably possible change could cause the carrying amounts to exceed the recoverable amounts. The following table shows the percentage points (pp) by which these two assumptions would need to change individually in order for the estimated recoverable amount of the CGU to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount			
	Discount rate		Budgeted EBITDA growth rate	
	2019	2018	2019	2018
Caribbean	+9.5pp	+8.9pp	-10.6pp	-9.2pp
Ecuador	+4.8pp	+17.5pp	-4.4pp	-13.3pp
Costa Rica	+0.9pp	+2.1pp	-1.6pp	-3.3pp
Paraguay	+1.8pp	+3.1pp	N/A*	-8.7pp

*N/A due to EBITDA currently being negative

10. Retirement benefit assets

Two subsidiaries operate defined benefit pension plans administered by insurance companies, in which some of their permanent employees participate. The companies contribute at a rate of 1% and 2.02%, respectively, of pensionable salaries. Employees contribute at a mandatory rate of 5% and 3% - 7% respectively, and may make voluntary contributions not exceeding a further 10%. The plans are valued by independent actuaries annually using the Projected Unit Credit Method.

a. The amounts recognized in the statement of financial position are determined as follows:

	2019 $'000	2018 $'000
Present value of funded obligations	(24,232)	(25,515)
Fair value of plan assets	29,734	28,138
Asset in the statement of financial position	5,502	2,623

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b. Movement in the amounts recognized in the statement of financial position:

	2019 $'000	2018 $'000
Balance at beginning of year	2,623	3,616
Contributions paid	593	583
Pension expense recognized in profit or loss	(292)	(217)
Re-measurement gains/(losses) recognized in other comprehensive income	2,515	(1,458)
Translation adjustments	63	99
Balance at end of year	5,502	2,623

c. Movement in the present value of obligation:

	2019 $'000	2018 $'000
Balance at beginning of year	(25,515)	(20,559)
Service costs	(464)	(437)
Interest cost	(1,659)	(1,633)
Employees' contribution	(1,008)	(996)
Benefits paid	862	822
Actuarial losses arising from:		
Experience adjustments	172	(10)
Changes in financial assumptions	2,676	(2,271)
Translation adjustments	704	(431)
Balance at end of year	(24,232)	(25,515)

d. (i) Movement in fair value of pension plan assets:

	2019 $'000	2018 $'000
Fair value of plan assets at beginning of year	28,138	24,175
Employees' contribution	1,008	996
Employer's contributions	593	583
Benefits paid	(862)	(822)
Interest income on plan assets	1,322	2,282
Administrative expenses paid	(119)	(98)
Remeasurement loss on assets included in other comprehensive income:	297	493
Translation adjustment	(643)	529
Fair value of plan assets at end of year	29,734	28,138

(ii) Plan assets consist of the following:

	2019 $'000	2018 $'000
Equities	12,424	10,617
Fixed income securities	15,158	14,891
Investment properties and real estate investment trust fund	1,563	1,458
Other	589	1,172
	29,734	28,138

e. Expense recognized in profit or loss:

	2019 $'000	2018 $'000
Current service costs	464	437
Interest income on pension plan assets	(956)	(1,084)
Interest cost on obligation	664	766
Administrative expenses	120	98
Net pension expense included in personnel expenses [note 17]	292	217

f. Amounts recognized in other comprehensive income:

	2019 $'000	2018 $'000
Remeasurement gain on obligations	(2,690)	2,255
Remeasurement loss on plan assets	175	(1,040)
	(2,515)	1,215

g. As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected benefit obligation of an increase of one year in the life expectancy is approximately $223,806 (2018: $187,612).

h. Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate would cause some reduction in the medical trend rate.

	2019		2018	
	1% decrease	1% increase	1% decrease	1% increase
Discount rate	2,047	(1,263)	2,573	(1,690)
Future salary increases	(437)	624	(591)	769
Future pension increases	N/A	N/A	(923)	1,137

i. Liability duration:

	2019	2018
Active members and all participants (years)	17.73	18.73

j. Defined contribution plans:

The subsidiaries' contributions for the year aggregated $111,626 (2018: $558,672).

k. The estimated pension contributions expected to be paid into both defined benefit and pension contribution plans during the next financial year is $593,346.

11. Deferred income taxes

Deferred tax balances are attributable to temporary differences arising between financial statement and tax accounting.

a. Deferred tax assets:

	2019							2018			
	At beginning of year $'000	Effect of transition for IFRS 9 and 15 $'000	At April 1, 2018 $'000	Recognized in income $'000	Recognized in equity $'000	Translation adjustments $'000	At end of year $'000	At beginning of year $'000	Recognized in income $'000	Translation adjustments $'000	At end of year $'000
Deferred warranty Income	4,079	-	4,079	231	-	(132)	4,178	3,923	200	(44)	4,079
Tax effect of losses	1,187	-	1,187	691	-	-	1,878	1,630	(443)	-	1,187
Depreciation of property and equipment	1,960	-	1,960	45	-	(46)	1,959	2,012	(40)	(12)	1,960
Impairment of receivables	13,633	2,500	16,133	3,465	-	401	19,999	9,612	4,056	(35)	13,633
Provision for warranties	502	-	502	(66)	-	(33)	403	608	(96)	(10)	502
Employee benefits	2,226	-	2,226	(176)	-	(38)	2,012	1,482	748	(4)	2,226
Allowance for impairment of inventories	1,309	-	1,309	(306)	-	(23)	980	1,602	(276)	(17)	1,309
Unearned finance income	6,097	1,733	7,830	800	-	(96)	8,534	5,491	623	(17)	6,097
Accrued interest receivable	1,316	-	1,316	461	-	(461)	1,316	862	461	(7)	1,316
Other	522	-	522	(455)	-	(410)	(343)	193	322	7	522
Total	32,831	4,233	37,064	4,690	-	(838)	40,916	27,415	5,555	(139)	32,831

b. Deferred tax liabilities:

	2019							2018				
	At beginning of year $'000	Effect of transition for IFRS 9 and 15 $'000	At April 1, 2018 $'000	Recognized in income $'000	Recognized in equity $'000	Translation adjustments $'000	At end of year $'000	At beginning of year $'000	Recognized in income $'000	Recognized in equity $'000	Translation adjustments $'000	At end of year $'000
Property & equipment	1,869	-	1,869	(2,164)	-	38	(257)	2,492	(612)	-	(11)	1,869
Hire purchase profits	6,185	(1,100)	5,085	2,142	-	(55)	7,172	5,143	956	-	86	6,185
Retirement benefit assets	1,222	-	1,222	302	398	(277)	1,645	1,287	18	(121)	38	1,222
Deferred warranty income	3,438	-	3,438	375	-	-	3,813	2,528	910	-	-	3,438
Interest receivable	873	(255)	618	(5)	-	(22)	591	824	53	-	(4)	873
Employee benefit provision	298	-	298	69	-	(36)	331	739	(434)	-	(7)	298
Allowance for forgiveness of instalments	338	-	338	15	-	-	353	287	51	-	-	338
Impairment of receivables	25	(265)	(240)	(179)	-	(1)	(420)	844	(806)	-	(13)	25
Effect of tax losses	(97)	-	(97)	-	-	1	(96)	(95)	-	-	(2)	(97)
Other	902	-	902	267	-	1,963	3,132	1,222	(320)	-	-	902
Total	15,053	(1,620)	13,433	822	398	1,611	16,264	15,271	(184)	(121)	87	15,053

As at March 31, 2019, the net deferred tax assets amounting to $982,174 (2018: $427,446) originated in Unicomer (Antigua and Barbuda) Ltd. have not been fully recognized in respect of the accumulated excess of tax losses and finance lease obligations over deferred tax liabilities, as management estimates that there will not be sufficient profit available to set off against the total accumulated losses.

No deferred tax assets have been recognized with regards to Union Comercial de Republica Dominicana, S.A., Unicomer Texas LLC, and Unicredit USA Inc., although the companies hold carry forward accumulated losses as per their corporate tax status.

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12. Short-term borrowings

	Interest rates	2019 $'000	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	- (2018:2.60% - 6.00%)	-	9,133
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.95% - 6.00% (2018: 4.98 - 5.48%)	2,500	1,106
Non-U.S. dollar based local functional currencies	5.19% - 10.25% (2018: 6.00% - 9.80%)	16,199	21,999
		18,699	32,238
Short-term loans:			
Non-U.S. dollar based local functional currencies	6.50% - 7.00% (2018: 6.50% - 9.00%)	8,891	17,628
Total short-term borrowings		27,590	49,866

As of March 31, 2019, the Group has approved short-term revolving credit lines of up to $122,926,000 (2018: $139,397,000) of which $18,699,000 (2018: $32,238,000) were used, at annual interest rates between 4.95% and 10.25% (2018: 2.60% and 9.80%).

Also see note 13 for additional securities provided by the Group.

13. Long-term borrowings

	Interest rates	2019 $'000	2018 $'000
Long-term lines of credit (a)			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	6.00% - 7.21% (2018: 2.80% - 6.00%)	4,710	19,321
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	5.72% - 6.04% (2018: 4.07% - 5.28%)	25,687	16,638
Non-U.S. dollar based local functional currencies	9.00% - 10.00% (2018: 8.00% - 9.85%)	13,853	14,223
		44,250	50,182
Long-term loans (b)			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	6.00% - 12.00% (2018: 6.15% - 12.00%)	15,245	20,272
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	6.24% - 9.42% (2018: 5.98% - 8.71%)	377,171	403,608
Non-U.S. dollar based local functional currencies	5.00% - 12.90% (2018: 3.75% - 11.50%)	269,936	210,966
		662,352	634,846
		706,602	685,028

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	2019 $'000	2018 $'000
Previous page	706,602	685,028
Less:		
Capitalized loan transaction costs:		
At beginning of the year	(5,937)	(7,012)
Arising on new loans	(1,096)	(99)
Translation adjustments	(32)	(8)
Amortized in interest expense for the period	1,273	1,182
	(5,792)	(5,937)
Carrying value of long-term borrowings	700,810	679,091
Less: Current portions of:		
Long-term loans	(71,411)	(62,609)
Lines of credit	(33,472)	(35,899)
Current portion of long-term borrowings	(104,883)	(98,508)
Total long-term borrowings	595,927	580,583

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

	2019 $'000	2018 $'000
Current portion	104,883	98,508
Between 1 and 2 years	76,181	106,628
Between 2 and 5 years	71,962	89,874
Over 5 years	453,576	390,018
	706,602	685,028

a. The Group has approved revolving long-term credit lines of up to $77,192,000 (2018: $152,275,000), of which $44,250,000 (2018: $50,182,000) were used, at annual interest rates between 5.28% and 10.00% (2018: 2.80% and 9.85%).

b. Of the total long-term borrowings of the Group, loans in the amount of $234,308,000 (2018: $261,129,000), are priced at floating interest rates that are adjustable quarterly. The remaining long-term borrowings are at fixed rates.

c. On March 27, 2017, the Company issued US$350,000,000 Senior Unsecured Notes with a seven years term at a 7.875% fixed interest rate, in a private placement in accordance with Rule 144A and Regulation S under the Securities Act of 1933. The Notes were issued at a price of 99.998% of the principal amount.

   The principal amount of the Notes will be paid on April 1, 2024. Interest is payable semi-annually beginning on October 1, 2017. The payment of principal, interest and premium is guaranteed by certain subsidiaries on, at least pari passu basis with any existing and future unsecured and unsubordinated indebtedness of those subsidiaries. Proceeds were used to repay short-term and medium-term debt.

The fair values of these Senior Unsecured Notes are based on the secondary market prices quoted in the OTC market. The carrying amounts and fair value of Senior Unsecured Notes are as follows:

	Carrying value 2019 $'000	Fair value 2019 $'000
Senior Unsecured Notes 7.875%	350,000	359,718

d. During the year ended March 31, 2019, the Group renewed two unsecured standby letters of credit for a total of $15,780,000 (2018: $15,780,000) through an international bank to secure term bonds issued by Unicomer (Guyana) Inc.

e. In September 30, 2016, the Group contracted a 3 year long-term loan due September 30, 2019, in the amount of $15,000,000 with an international bank. The outstanding balance as of March 31, 2019 is $Nil (2018: $7,497,865). This term loan was fully paid in April 2018.

f. On May 24, 2016, the Group entered into a 5 year term loan facility agreement due May 26, 2021 for an amount of $20,000,000, that was guaranteed by Unicomer Costa Rica, S.A. to an international bank. As of March 31, 2019 the outstanding amount was $Nil (2018: $13,000,000). The loan was fully repaid on March 26, 2019.

g. On May 30, 2018, the Group authorized the private placement by way of an exempt distribution of a series of 15-year promissory Global Bonds- Tranche 1 ("the Bonds") denominated in Jamaica dollars ("J$") under the Guidelines for Exempt Distributions for principal amounts of up to J$4,000,000,000. ($31,984,640).

   On May 30, 2018, the Group also authorized the private placement by way of an exempt distribution of a series of 10-year promissory Global Bonds – Tranche 2 denominated in Jamaica dollars ("J$") under the Guidelines for Exempt Distributions for principal amounts of up to J$4,000,000,000 ($31,984,640).

h. On June 29, 2018, the Group raised financing from IDB for $15,000,000. The loan is being repaid in TT dollars through quarterly installments over a three year period with the final installment due August 2021.

i. On August 24, 2018, the Group raised financing from IDB for $9,000,000. The loan is being repaid in CR colones through quarterly installments over a three year period with the final installment due August 2021.

j. On August 18, 2014, Unicomer Latin America Co. Ltd. executed a revolving credit line agreement up to $15,000,000 for a term of three years. Drawdowns made under this revolving line are indexed to a variable 3-month Libor base rate plus a spread with quarterly payments of principal and interest. The revolving credit line was amended on November 30, 2016, and has an approved credit amount for $15,000,000, and the following subsidiaries have sub-limits, under this line as follows:

k.

Name of companies	Sub-limit $'000
Unicomer de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	15,000
Unicomer de Costa Rica Unicomer, S.A.	15,000
Unicomer de Guatemala, S.A. and Unicoservi, S.A.	10,000

As of March 31, 2019 the outstanding balance under this credit line was $14,896,288 (2018: $13,582,729).

Certain short-term and long-term borrowings are secured by the following assets:

	2019 $'000	2018 $'000
Accounts receivable	207,112	216,910
Inventories	21,493	55,233
Property and equipment	42,707	38,665
Total	271,312	310,808

14. Bonuses payable

	2019 $'000	2018 $'000
Balance at beginning of year	5,234	5,137
Charged to results of operation	5,836	6,532
Amounts paid	(3,574)	(6,435)
Balance at end of year	7,496	5,234
Amount expected to be paid within 12 months	3,795	2,893
Amount expected to be paid after more than 12 months	3,701	2,341
	7,496	5,234

15. Provisions

	Product warranties (note 2.15) $'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 year	3,972	5,244	9,216
Amount used during the year	(3,319)	(1,616)	(4,935)
Release of provision	(799)	(253)	(1,052)
Remeasurement loss by financial assumptions	-	(1,203)	(1,203)
Translation adjustments	(77)	(154)	(231)
Balance as of March 31, 2019	4,947	16,503	21,450

In Nicaragua, the employment laws require employers to pay a lump sum to employees when they resign. The lump sum amount is calculated as one month's salary for each of up to five years of service. These benefits are accrued based on actuarial estimates. The balance of this provision is reflected as a non-current liability.

In accordance with Ecuador's Labour Code, employees who have rendered uninterrupted service for at least twenty-five years are entitled to be retired by their employers with certain benefits. Additionally, employees who have worked continuously between twenty and twenty-five years for such employer are entitled to a pro-rata share of retirement benefits. The value of the retirement benefit provision is determined by an actuarial study that uses the projected unit credit method, which involves certain assumptions on discount rates, changes in wages and salaries, mortality, disability and unemployment rates, increase of the minimum retirement pensions, etc.

Under an employee benefits agreement, the employees of the Honduras subsidiary will receive additional benefits to those established by the local laws, such as health and accident insurance, compensation for certain family events, recognition of seniority, etc. Employees of the Honduras subsidiary who voluntarily retire may get retirement benefits on a pro-rata basis, ranging from 35% to 100% of the corresponding unemployment benefit determined by the length of employment.

In January 2012, the Honduras subsidiary made a one-time payment to existing employees, partly in lieu of future benefits, totalling $1,973,107. The remaining balance of the retirement provision in that subsidiary amounted to $2,295,418 (2018: $2,165,167).

In January 2014, a law was passed in El Salvador that entitles employees with more than two years of continuous service to a voluntary resignation benefit consisting of 15 days' base salary (capped at twice the minimum daily wage) per year of service. Based on an actuarial calculation, the Salvadoran subsidiaries recorded a liability of $1,952,000 at March 31, 2014 through a charge to expense of that period. The balance of the provision as at March 31, 2019 amounted to $2,579,889 (2018: $2,563,733).

16. Share capital, Share premium and statutory reserve

a. Share capital and share premium

	2019 $'000	2018 $'000
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
Issued and fully paid ordinary shares of $1 per share (a):		
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
Comprising:		
Share capital at $1 per share	152,066	152,066
Share premium	-	11,320
	152,066	163,386

Both shareholders are entitled to elect an equal number of Directors, while Infotech (see Note 1) elects the Chairman, who will have a double vote in the event of a tie. As of March 31, 2019, the Board of Directors is composed of four directors elected by each of the two shareholders, plus one independent director appointed by each of the two shareholders.

At the General Meeting of the Shareholders held on July 16, 2018, the shareholders of the Company authorized a distribution of US$11,319,618 consisting of share premiums in excess of its nominal capital, in lieu of payment of dividend.

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

b. Statutory reserves

In accordance with the local regulations, certain subsidiaries are required to allocate a portion of their annual income into a statutory reserve that is restricted from dividend distribution.

17. Operating expenses

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

	2019 $'000	2018 $'000
Personnel expenses	264,290	265,378
Accounts receivable – impairment	85,028	90,239
Operating leases	68,927	66,609
Advertising	34,029	30,661
Depreciation of property and equipment and impairment	21,471	21,288
Amortization of intangible assets and impairment	8,588	8,227
Freight expenses	19,024	19,020
Insurance	15,643	16,729
Utilities	13,489	13,122
Commissions and others	12,202	16,467
Repairs and maintenance	11,771	11,005
Telecommunications	10,709	11,143
Maintenance and leasing computer equipment	8,782	9,827
Extended warranty claims and administrative expenses	8,491	5,134
Professional fees	8,253	18,227
Outsourcing expenses	7,672	3,909
Security services	7,198	6,946
Travel expenses	6,397	7,657
Municipal tax	3,245	3,798
Charitable donations	1,930	1,888
Administrative services	1,300	1,721
Other operating expenses, net	16,458	16,910
	634,897	645,905
Comprising:		
Distribution and selling expenses	514,262	527,885
Administrative expenses	120,635	118,020
	634,897	645,905

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

	2019 $'000	2018 $'000
Wages and benefits	163,037	159,488
Commissions	46,874	46,451
Social security and pension cost	27,729	27,425
Other employee benefits	26,650	32,014
	264,290	265,378

The average number of full-time-equivalent employees for the year ended March 31, 2019, was 14,497 (2018: 15,571).

18. Income tax expense

a. Tax expense for the year comprises the following:

	2019 $'000	2018 $'000
Current tax expense		
Current year charge	36,660	35,999
Other (alternative minimum taxes)	53	823
Deferred tax expense		
Effect of tax losses and other	(3,868)	(5,741)
	32,845	31,081

b. Reconciliation of tax expense:

	2019	2018
Profit before income tax	106,015	95,278
Computed "expected" tax expense at subsidiaries' tax rates	31,038	31,766
Tax effect of differences between profit for financial statements and tax reporting purposes on:		
Non-deductible expenses	2,544	2,789
Non-taxable income	(39)	392
Tax losses	63	(63)
Other	(761)	(3,803)
	32,845	31,081

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of the tax laws and prior experience.

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19. 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:

	2019 $'000	2018 $'000
Charges for administrative services /	3,216	3,028
Expenses for logistics services	2,660	2,815
Expenses for operating leases	7,567	4,067
Purchases of merchandise	389	1,057
Expenses for advertising related materials	484	552
Purchase of fixed assets	43	179
Income from services provided	1,905	3,217
Interest income on loan granted to related company	264	716
Sales of merchandise	67	-

The Group has recognized the following amounts of compensation for key management personnel:

	2019 $'000	2018 $'000
Salaries and short-term benefits	9,856	8,465
Statutory contributions	186	165
Other	945	907
	10,987	9,537

20. 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:

	2019 $'000	2018 $'000
Within one year	62,737	55,425
Between one and five years	132,796	126,409
After five years	43,081	48,414
	238,614	230,248

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. The majority of these rental contracts may be cancelled with 3 to 6 months' notice.

Certain leases related to the properties used for the stores are not supported with formal agreements; however, in management's opinion, the Group will continue to use these properties for the foreseeable future based on the Group's relationship and historical experience.

Guarantees

(i) In the ordinary course of business, Regal Worldwide Trading LLC maintains a bank facility under which the bank issues documentary and stand-by letters of credit for up to $25,000,000 (2018: $25,000,000) to third party vendors in connection with the purchase of inventories. The Company's subsidiaries guaranty this facility as follows:

Name of subsidiaries	Guarantee up to
	$'000
Unicomer de Guatemala, S.A. and Unicoservi, S.A.	6,250
Unicomer de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	6,250
Unicomer de Nicaragua, S.A. and Unicoservi, S.A	6,250
Unicomer de Honduras, S.A. de C.V.	6,250

(ii) In the ordinary course of business, Regal Worldwide Trading LLC, contracted a bank facility under which the bank issues documentary and stand-by letters of credit and revolving loans for up to $25,000,000, in connection with the purchase of inventories. The Company's subsidiaries guarantee this facility as follows:

Name of subsidiaries	Guarantee up to
	$'000
Unicomer de Guatemala, S.A. and Unicoservi, S.A.	6,250
Unicomer de Costa Rica S.A., El Gallo Más Gallo de Alajuela, S.A. Importadora Punto Nueve, S.A., Desalmacenadora Guayaquil, S.A. El Gallo de San Isidro, S.A.	6,250
Unicomer de Nicaragua, S.A. and Unicoservi, S.A	6,250
Unicomer de Honduras, S.A. de C.V.	6,250

(iii) During the year ended March 31, 2019, the Company renewed two unsecured standby letters of credit for a total of $15,780,000 (2018: $15,780,000) through an international bank to secure term bonds issued by Unicomer (Guyana) Inc.

(iv) During the year ended March 31, 2019, the Company contracted a one-year unsecured standby letters of credit for a total of $15,000,000 through an international bank to secure a term loan granted to Unicomer Paraguay, S.A. by a local bank.

(v) During the year ended March 31, 2019, the Company contracted a one-year unsecured standby letters of credit for a total of $6,700,000 through an international bank to secure a term loan granted to Unicomer Republica Dominicana S.A. by a local bank.

21. Financial instruments

A. Financial risk factors and management

The Group has exposure to the following financial risks from its use of financial instruments in its business:

- Credit risk
- Liquidity risk
- Market risk

Management seeks to minimize potential adverse effects on the financial performance of the Group by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk attaching to accounts receivable, as the Group has a large and diverse customer base, with no significant balances arising from any single economic or business sector, or any single entity or group of entities. The Group has policies in place to ensure that sales are made to customers with an appropriate credit rating. Accounts receivable are shown net of allowances for impairment, which reflects the Group's estimate of expected losses on collection of receivables.

Cash and cash equivalents

Cash and short-term investments are held with reputable and regulated financial institutions, which present minimal risk of default.

Impairment on cash and cash equivalents has been measured at 12- month expected loss basis and reflects the short maturities of the exposures. The company considered that cash and cash equivalents have low credit risk.

No impairment allowances was recognised under IFRS 9.

Maximum exposure to credit risk

The company's maximum exposure to credit risk at period end is represented by its respective carrying amount.

Accounts receivable – customers

Expected credit loss assessment as at April 1, 2019
The Group use an credit risk model to measure ECLs of accounts receivable – customers. The credit risk model is based on its historical observed default rates over the expected life of the accounts receivable-customer balances and is adjusted for forward looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables. The Group measure credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

The following table provides information about the exposure to credit risk and ECLs for accounts receivable – customers as at March 31, 2019.

Age buckets	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
		$'000	$'000	
Stage I	2.38%	792,234	(18,828)	No
Stage II	16.28%	96,827	(15,760)	No
Stage III	80.27%	73,560	(59,048)	Yes
		962,621	(93,636)	

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial asset is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The Group use past due information to determine when a significant increase in credit risk has occurred.
- Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial assets in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. The inputs, assumptions and estimation techniques used in measuring the ECL are determined by management and included in the credit risk model.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information.

Related party balances

The Group assesses each related entity's ability to pay if payment is demanded as at the reporting date. Management reviews recovery scenarios considering given economic conditions and the counterparties liquidity over the expected life of the recoverable. The expected credit losses are calculated on this basis.

(ii) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The management of the Group seeks to maintain flexibility in funding by monitoring budgeted commitments in relation to operating cash inflows and by keeping committed lines of credit available as part of Group borrowing arrangements.

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Liquidity risk - non- derivative financial liabilities

The following are the contractual maturities of non-derivative financial liabilities, including interest payments and excluding the impact of netting arrangements:

2019	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	> 5 years $'000
Payables	240,288	240,288	240,288	-	-	-	-
Due to related companies	1,811	1,811	1,811	-	-	-	-
Bonuses payable	7,496	7,496	3,795	-	3,701	-	-
Borrowings, including bank overdrafts	730,738	955,683	82,004	91,563	116,193	182,269	483,654
Total	980,333	1,205,278	327,898	91,563	119,894	182,269	483,654

2018	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	> 5 years $'000
Payables	239,287	239,287	239,287	-	-	-	-
Due to related companies	1,571	1,571	1,571	-	-	-	-
Bonuses payable	5,234	5,234	3,608	-	-	1,626	-
Borrowings, including bank overdrafts	732,796	967,668	96,643	100,419	131,889	239,496	399,221
Total	978,888	1,213,760	341,109	100,419	131,889	241,122	399,221

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices risk will affect the value of the Group's assets, the amount of its liabilities and/or income. Market risk arises from fluctuations in the value of liabilities and the value of investments held. The Group is exposed to market risk on certain of its financial assets.

- *Currency risk:*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to U.S. dollars. The Group does not use forward exchange derivatives to hedge its exposure to foreign exchange risk in the local reporting currencies. The Company has investments in foreign subsidiaries, whose assets are exposed to foreign currency translation risk.

Currency exposure to the net assets of the consolidated subsidiaries in Unicomer Latin America Group and Unicomer Caribbean Group are managed primarily through borrowings and suppliers' credit denominated in the relevant foreign currencies. The Group does not have liabilities or assets denominated in currencies other than the U.S. dollar or the functional currencies of its subsidiaries.

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a. Financial assets and liabilities denominated in the Group's reporting currency, U.S. dollars:

As of March 31, 2019 and 2018, the total of assets and liabilities denominated in U.S. dollars in those subsidiaries whose functional currency is not the U.S. dollar are as follows:

	Unicomer Latin America Group		Unicomer Caribbean Group	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash and short-term bank deposits	4,205	3,228	5,840	3,401
Due from related companies	387	954	17,973	32,166
Leasing deposits	733	660	-	-
Other receivable	161	254	-	1,585
Loans payable	(25,845)	(38,726)	(39,230)	(46,833)
Accounts payable	(10,890)	(12,318)	(1,584)	(5,864)
Due to related companies	(26,934)	(48,157)	(53,927)	(81,086)
Gross exposure	(58,183)	(94,105)	(70,928)	(96,631)

The detail per country is as follows:

2019

	Unicomer Latin America Group						Unicomer Caribbean Group							
	GT $'000	HN $'000	NI $'000	DO $'000	CR $'000	PY $'000	BB $'000	BZ $'000	OECS $'000	GY $'000	JM $'000	TT $'000	AW $'000	CW $'000
Cash and short-term bank deposits	18	-	434	323	202	3,228	-	-	-	1,084	4,258	200	-	298
Due from related companies	49	33	44	19	208	34	488	28	994	216	5,497	9,993	-	757
Leasing deposits	-	-	-	-	733	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	57	104	-	-	-	-	-	-	-	-	-
Loans payable	-	-	(19,955)	(3,290)	-	(2,600)	(1,933)	-	(14,107)	-	-	-	-	(23,190)
Accounts payable	(839)	(1,315)	(752)	(73)	(7,349)	(562)	-	-	(210)	-	(556)	(40)	(477)	(301)
Due to related companies	(6,082)	(4,289)	(2,026)	(1,610)	(11,631)	(1,296)	(8,997)	(2,830)	(12,584)	(3,431)	(696)	(5,654)	(10,856)	(8,879)
Gross exposure	(6,854)	(5,571)	(22,255)	(4,574)	(17,733)	(1,196)	(10,442)	(2,802)	(25,907)	(2,131)	8,503	4,499	(11,333)	(31,315)

2018

	Unicomer Latin America Group						Unicomer Caribbean Group							
	GT $'000	HN $'000	NI $'000	DO $'000	CR $'000	PY $'000	BB $'000	BZ $'000	OECS $'000	GY $'000	JM $'000	TT $'000	AW $'000	CW $'000
Cash and short-term bank deposits	4	6	149	175	1,299	1,595	-		242	-	1,661	920	11	567
Due from related companies	278	125	482	38	5	26	1,558	162	1,989	7,981	6,955	11,546	4	1,971
Leasing deposits	-	-	-	-	660	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	79	175	-	1,581	-	-	-	4	-	-	-
Loans payable	-	-	(38,726)	-	-	-	(7,373)	-	(11,518)	-	(10,000)	-	(6,484)	(11,458)
Accounts payable	(108)	(833)	(1,363)	(120)	(9,122)	(772)	(574)	-	(1,048)	-	(1,564)	(152)	(150)	(2,376)
Due to related companies	(5,514)	(5,763)	(10,710)	(9,351)	(16,092)	(727)	(10,354)	(2,804)	(26,112)	(2,105)	(13,132)	(23,023)	(1,469)	(2,087)
Gross exposure	(5,340)	(6,465)	(50,168)	(9,179)	(23,075)	122	(15,162)	(2,642)	(36,447)	5,876	(16,076)	(10,709)	(8,088)	(13,383)

b. Financial assets and liabilities denominated in subsidiaries functional currencies:

The Group does not generally engage in currency hedges, and rather aims to have financial liabilities denominated in local currencies in order to avoid currency risk. Financial assets and liabilities denominated in non-U.S. dollar currencies at the reporting date were as follows:

2019	Unicomer Latin America Group						Unicomer Caribbean Group						
	GTQ '000	HNL '000	NIC '000	DOP '000	CRC '000	PYG '000	BBD '000	BZD '000	XCD '000	GYD '000	JMD '000	TTD '000	AFL/ ANG '000
Receivables	517,656	44,279	798,851	7,899	103,584,475	103,377,196	58,163	31,192	106,778	7,645,404	9,357,654	671,496	21,923
Cash & short-term bank deposits	17,083	37,365	41,116	866	1,861,571	566,004	4,793	1,007	6,164	226,104	786,147	60,050	581
Leasing deposits	-	-	-	-	112,146	305,734	-	-	163	-	-	-	-
Loans	(408,578)	(22,887)	-	(6,082)	(69,599,587)	(55,000,000)	(15,652)	(1,796)	(26,731)	(4,946,299)	(7,869,469)	(304,181)	-
Payables	(51,885)	(5,034)	(60,387)	(2,491)	(19,176,584)	(14,188,099)	(1,858)	(186)	(26,905)	(1,173,880)	(1,345,897)	(84,773)	(1,281)
Gross exposure:													
Local currency	74,276	53,723	779,580	192	16,782,021	35,060,835	45,446	30,217	59,469	1,751,329	928,435	342,592	21,223
USD equivalent	9,671	2,184	23,826	4	27,860	5,668	22,723	15,033	22,026	8,396	7,424	50,604	11,856

2018	Unicomer Latin America Group						Unicomer Caribbean Group						
	GTQ '000	HNL '000	NIC '000	DOP '000	CRC '000	PYG '000	BBD '000	BZD '000	XCD '000	GYD '000	JMD '000	TTD '000	AFL/ ANG '000
Receivables	499,165	1,087,859	1,388,913	6,651	94,436,369	74,918,836	59,378	32,936	193,286	8,153,912	9,810,395	670,462	12,785
Cash & short-term bank deposits	16,722	29,971	67,373	1,600	1,628,270	19,923,155	1,388	703	6,757	(39,200)	707,557	48,805	1,651
Loans	(388,900)	(589,826)	-	-	(64,624,824)	(97,957,553)	(13,200)	(1,937)	(26,893)	(5,072,337)	(4,782,229)	(224,500)	(4,123)
Leasing deposits	-	-	-	-	93,833	-	-	-	549	-	-	(10,699)	265
Payables	(75,093)	(173,946)	(128,626)	(691)	(20,424,007)	(44,483,792)	(4,691)	(1,243)	(37,595)	(905,110)	(1,479,085)	(484,068)	(5,890)
Gross exposure:													
Local currency	51,894	354,058	1,327,660	7,560	11,109,641	(47,599,354)	42,875	30,459	136,104	2,137,265	4,256,638	-	4,688
USD equivalent	7,013	14,870	42,608	153	19,514	(8,566)	21,438	15,154	50,409	10,312	33,888	-	2,619

Exchange rates of one U.S. dollar to the relevant foreign currencies at the reporting date were as follows:

	Unicomer Latin America Group						Unicomer Caribbean Group						
	GTQ	HNL	NIC	DOP	CRC	PYG	BBD	BZD	XCD	GYD	JMD	TTD	AFL/ ANG
At March 31, 2019	7.68	24.60	32.72	50.64	602.36	6,185.82	2.00	2.01	2.70	208.59	125.06	6.77	1.79
At March 31, 2018	7.40	23.81	31.16	49.52	569.31	5,556.79	2.00	2.01	2.70	207.27	125.61	7.19	1.79

Currency risk sensitivity analysis

In the Unicomer Latin America Group, management believes that the effect of an annual 5% weakening or strengthening of the U.S. dollar against the functional currencies of its subsidiaries at March 31, 2019 and 2018 is not significant to the profit and equity reported for the Group.

In the Unicomer Caribbean Group, with the exception of the Jamaican dollar and Trinidad dollar, all the currencies in the Group have been relatively stable against the U.S. dollar. A 4% (2018: 4%) weakening or a 1% (2018: 2%) strengthening of the Jamaican dollar against the U.S. dollar at March 31 would have resulted in an additional credit/(charge) to the profit or loss by the amounts shown below. A 5% (2018: 5%) weakening of the Trinidad dollar against the United States dollar, would have resulted in an additional credit/(charge) to profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2019		2018	
	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000
JMD				
4% weakening (2018: 4%)	340	(795)	(643)	(1,182)
1% strengthening (2018: 2%)	(85)	199	322	295
TTD				
5% weakening (2018: 5%)	(9)	(312)	(487)	(589)

- *Interest rate risk:*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group income and operating cash flows are influenced by changes in market rates. The Group has significant interest-bearing assets at fixed interest rates. Based on local market conditions, the Group borrows at variable rates as the Group interest-bearing assets have an average life of less than eighteen months.

The Group used interest rate derivatives to limit its cash flow risk for certain subsidiaries arising from the variability in floating interest rates. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2019	2018
	$'000	$'000
Fixed rate instruments:		
Financial assets	934,192	927,626
Financial liabilities	(502,111)	(418,452)
	432,081	509,174
Variable rate instruments:		
Financial assets	4,717	3,240
Financial liabilities	(120,130)	(330,570)
	(115,413)	(327,330)

Interest rate sensitivity

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for material fixed rate financial assets or liabilities at fair value. Therefore, a change in interest rates at the reporting date would not affect the profit or equity recognized for the year.

Cash flow sensitivity analysis for variable rate instruments assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2018.

	2019		2018	
	100bp increase $'000	100bp decrease $'000	100bp increase $'000	100bp decrease $'000
Effect on profit for variable rate instruments	(2,887)	2,919	(3,704)	3,295

- *Price risk:*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. The Group has no material exposure to such risk.

a. Offsetting agreement

The Group enters into offsetting agreements whereby the parties agree to offset balances owed by subsidiaries against balances owed by local insurance companies to Canterbury Insurance Co. Ltd. on an ongoing basis. The following table sets out the carrying amounts that are subject to the above agreements.

	2019			2018		
	Gross amount before offset	Related financial instruments that are offset	Net amount	Gross amount before Offset	Related financial instruments that are offset	Net amount
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:						
Other receivables	57,238	(14,209)	43,029	51,620	(8,227)	43,393
Financial liabilities:						
Other accounts payable and accruals	80,613	(14,209)	66,404	79,906	(8,227)	71,679

B. Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where an active market exists, market price is used to determine fair value as the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values are estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(ii) The fair value of variable-rate financial instruments is assumed to approximate their carrying amounts; and

(iii) The fair value of accounts receivable from customers is assumed to approximate the carrying value, as the accounts bear market rates of interest applicable to similar instruments.

22. 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 and these are disclosed in note 16b. There were no changes in the Group's approach to capital management during the year.

23. Dividends

	2019 $'000	2018 $'000
Dividends	11,149	-

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. During the years ended March, 2019 and 2018 the Company authorized a distribution of share premium. (See note 16 a).

24. Contingent liabilities

The Group is involved in several matters of litigation or disputes in the ordinary course of business. Where the outcomes of these matters are expected to result in material settlements against the subsidiaries, management has recognized its best estimate of the liability, based on available information and advice. No provision is recognized for a claim where management believes that the Group has a strong defense or it is not possible to estimate the potential liability. Contingencies for which provisions have not been recognized, that are considered potentially significant are discussed below:

a. Unión Comercial de El Salvador, S.A. de C.V. received on February 2013 a VAT tax assessment from El Salvador Tax Authority regarding fiscal year 2010 that amounts to $400,664 and includes penalties and interests. The Tax Administration questioned whether services rendered by a related party Information Technology department were effectively rendered. The company has appealed at the Administrative Tribunal and the resolution is pending. The company and the external advisor estimate a probability of 75% of winning the case.

b. On March 2016, Unicoservi, S.A. de C.V. in El Salvador received a corporate tax assessment regarding the deductibility of a bad debt provision for fiscal year 2012. After applying the benefits of a Fiscal Amnesty Program, the company is appealing to the Tax Administration Tribunal a potential liability of $412,655 inclusive of penalty. The company estimates a probability of 75% to win the case.

c. Wisdom Products S.A.E.C.A. in Paraguay, received a formal assessment on June 30, 2017 with regards to corporate tax and VAT for fiscal year 2015. The initial outcome of the proposed adjustment was circa $6,115,000. On April 2019, the Tax Authority tribunal decided to reduce the adjustment to $2,805,000 aggregating tax liabilities and penalties. The company has filed for a judicial review since the reduced adjustment lacks of adequate fiscal legal basis. This contingency is covered by the original Share Purchase Agreement of December 24, 2015 in which an escrow hold-back of $3,500,000 was determined.

d. Unicomer de Nicaragua S.A. received a formal assessment on November 7, 2017 with regards to corporate tax for fiscal year 2014 for an amount of $2,874,883. The company is awaiting for the resolution and appealed, and the case at The Supreme Court. Considering the lack of substance of the proposed adjustments together with the political risks, the company estimates a probability of more than 60% to win the case.

e. Unión Comercial de la República Dominicana, S.A. received formal assessments on corporate tax and VAT (ITBIS) in February 28, 2018 for total amounts of $10,367,809 and $10,212,436, respectively, inclusive of tax, penalties and interests. The company appealed both assessments during May 2018 to the Tax Administration Tribunal and resolution is still pending. Considering the lack of a minimum substance of the proposed adjustments, the application of the statute of limitations to the VAT adjustment and the evidence already provided to contest both adjustments, the company and the external advisors estimate a probability of more than 70% to win the case at the Tax Administration Tribunal. In addition, the company has carry-forward losses available to set off against any negative outcome on corporate tax. The company has received in July 2019 a preliminary informal offer from the tax administration to settle this dispute for US$ 4 million. However, the company continues pursuing a positive legal resolution in the courts or, instead, a reduced proposal that allows to move forward under favorable terms, given the merits of the case, and avoid further litigation and associated costs following the mitigation principle.

f. Unicomer de Ecuador, S.A. received an assessment on March 2019, regarding fiscal year 2015 with an adjustment of $1,261,448 on corporate tax determination, a penalty of $252,289 and interest accumulated as of March 2019 amounting to $102,733. The company is disputing this assessment and estimates a probability of more than 60% to win the case. As the adjustment was originated on temporary differences that arose prior to the acquisition, this contingency is covered in part by the remaining escrow on the purchase of shares of the company, which amounted to $1,210,359.

g. In March 2015, Unicomer (St. Vincent) Ltd. received an assessment from the Inland Revenue Department in respect of certain expenses that the department has indicated are not allowable for tax purpose. This reassessment covered the financial years 2007-2011. The Inland Revenue Department's assessment in respect of corporate tax amounted $4,460,482 (equivalent EC$12,043,302) and withholding taxes of $1,651,772 (equivalent EC$4,459,785) inclusive of interest and penalties. The company is disputing these liabilities based on management's opinion supported by external advisors and has filed a Notice of Appeal before the Appeal Commissioners. Accordingly, no provision has been made for these liabilities at the end of this fiscal period. If the resolution of these assessments results in a tax liability, it will be recorded against the results of the year in which the assessment is finalized. Pursuant to Section 107 of the Income Tax Act an interim payment of $1,111,111 (equivalent EC$3,000,000) has been made to the Inland Revenue Department. Interim payments are required by Inland Revenue Department, but it is still under discussion.

h. In January 2016,Unicomer (St. Kitts) Ltd. received an assessment for income years 2010-2014 from the Inland Revenue Department claiming outstanding income taxes inclusive of both interest and penalties for $1,242,987 (equivalent EC$3,356,065) relating to the disallowance of credit protection insurance expense, extended warranty premiums and exempt income claimed.

   The company is vigorously disputing these liabilities and is in the process of resolving these issues with the Inland Revenue Department and according to our external advisor a positive outcome is likely to take place eventually. Accordingly, no provision has been made for these liabilities at the end of this fiscal accounting period. If the resolution of these issues results in tax liabilities, they will be recorded against the results of the years in which the payments will be made.

i. Unicomer (St. Lucia) Ltd. - In April 2018, the Eastern Caribbean Supreme Court declared that Comptrollers decision assessment on Income Tax Returns from 2007 to 2010 was made in breach of the rules of natural justice and is accordingly invalid, null and void and remitted the matter to the Comptroller for a proper determination.

   On February 2019, the company received a re-assessment from the Inland Revenue Department claiming outstanding income taxes as follows:

   2007 - 2010 $4,975,777 (equivalent EC$13,434,600) Disallowance of loan interest

   2007 - 2010 $2,747,333 (equivalent EC$7,417,800) Disallowance of credit protection insurance expense.

   The re-assessments attracted penalties of $6,717,300 in respect of the disallowance of loan interest expense and $3,708,900 in respect of the disallowance of creditor protection insurance expense.

The company is vigorously disputing these assessments and is in the process of resolving these issues with the Inland Revenue and estimating a likely outcome in favor of the company. Accordingly, no provision has been made for these assessments at the end of this fiscal accounting period. If the resolution of these issues results in tax liabilities, they will be recorded against the results of the years in which the payments are agreed.

j. Unión Comercial de Honduras, S.A. de C.V., received three assessments, regarding VAT for fiscal years 2011, 2012–2013 and 2016–2017 with a potential accumulated adjustment of $1,261,280 excluding penalties and interests. The company appealed the assessments and the cases resolution is pending.

k. Unicomer (Barbados) Ltd. received an assessment in 2006 from the VAT Division of the Customs and Excise Department, based on an audit of VAT returns for the 1999 to 2004 periods, and determined a liability owing of $503,587. The matter was contested by the company. A Notice of Appeal of the above assessment was filed with the VAT Department on November 8, 2011 by Attorneys for the company. The matter laid dormant with the tribunal of Barbados Revenue Authority (BRA Tribunal, formerly VAT Tribunal) for several years. During 2016, the BRA Tribunal commenced hearings to arbitrate on the matter. A Statement of Case has been filed by the attorneys of the VAT Department, for which the company's attorneys prepared and submitted a reply. The company's attorneys believe that there is a highly meritorious case for appeal success and an amount of US$111,209 was paid to BRA, representing the company's determination of the liability due based on the current review of the case. This payment was made without prejudice to take advantage of a national penalty and interest waiver amnesty offer by BRA before its expiry. The final outcome and case determination currently rests with the BRA tribunal.

25. Operating segments

a. 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, Guyana and United States of America subsidiaries based in Texas and Delaware.

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) as a primary indicator, followed by Profit Before Tax (PBT), as included in the internal management reports that are reviewed by the Group's CEO and senior management. Segment profit is used to measure performance, as management believes that such information is most relevant in evaluating the results of its segments relative to other entities that operate within these industries.

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b. Information about reportable segment

	Caribbean		Latin America		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues								
Sales	379,493	378,091	806,962	806,761	29,899	20,531	1,216,354	1,205,383
Premium income	-	6	-	91	18,351	18,483	18,351	18,580
Finance income on credit operations	174,087	156,464	258,275	270,657	(2,319)	(277)	430,043	426,844
Inter-segment revenues	-	-	-	-	340,944	349,913	340,994	349,913
Segment revenue	553,580	534,561	1,065,237	1,077,509	386,875	388,650	2,005,692	2,000,720
Depreciation/ amortization	(9,551)	(8,896)	(19,232)	(19,741)	(1,276)	(878)	(30,059)	(29,515)
Financial income – interest	87	49	153	228	2,514	4,809	2,754	5,086
Financial expense – interest	(13,197)	(10,421)	(22,920)	(25,661)	(30,836)	(31,817)	(66,953)	(67,899)
Segment profit before tax	61,447	58,869	36,525	30,833	72,477	47,130	170,449	136,832
Segment tax	(13,801)	(17,942)	(18,023)	(12,507)	(1,021)	(632)	(32,845)	(31,081)
Reportable segment assets	714,301	685,911	956,748	984,133	863,844	885,457	2,534,893	2,555,501
Reportable segment liabilities	270,435	265,944	566,040	596,176	573,287	602,524	1,409,762	1,464,644
Capital expenditure	11,456	9,142	11,531	9,904	3,047	925	26,034	19,971

c. Reconciliations of reportable segments revenues, profit or loss, assets and liabilities

	2019	2018
	$'000	$'000
(i) Revenues		
Total revenues for reportable segments	1,618,817	1,612,070
Revenues for other segments	385,829	388,650
Subtotal	2,004,646	2,000,720
Elimination of inter-segment revenue	(324,063)	(333,520)
5% mark up intercompany profit for the year	(15,835)	(16,393)
Consolidated revenue	1,664,748	1,650,807
(ii) Profit or loss before tax		
Total profit or loss for reportable segments	97,973	89,703
Profit or loss for other segments	72,477	47,130
Subtotal	170,450	136,833
5% mark up intercompany profit for the year	(3,664)	(3,664)
5% crawling peg exchange rate	550	550
Dividend income between segments	(105,392)	(90,512)
Other consolidation adjustments	44,071	52,071
Consolidated profits before income tax	106,015	95,278
(iii) Assets		
Total assets for reportable segments	1,671,049	1,670,044
Assets for other segments	863,845	885,457
Subtotal	2,534,894	2,555,501
Elimination of investment in subsidiaries	(471,601)	(471,601)
Elimination of goodwill in subsidiaries	(54,823)	(54,823)
Elimination of related party loans and receivables	(226,360)	(284,920)
Other consolidation adjustments	(27,425)	(6,236)
Consolidated total assets	1,754,685	1,737,921

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the consolidated financial statements
For the year ended March 31, 2019
(expressed in U.S. dollars - Note 2.4)

	2019 $'000	2018 $'000
(iv) Liabilities		
Total liabilities for reportable segments	836,476	862,120
Liabilities of other segments	573,287	602,524
Subtotal	1,409,763	1,464,644
Elimination of related party loans and payables	(215,178)	(280,544)
Elimination of loan participations	(11,000)	(11,000)
Other consolidation adjustments	(8,949)	(4,533)
Consolidated total liabilities	1,174,636	1,168,567

	2019				2018			
-	Reportable segment total $'000	All other segment total $'000	Adjustments $'000	Consolidated total $'000	Reportable segment total $'000	All other segments total $'000	Adjustments $'000	Consolidated total $'000
Other material items								
Financial income – interest	240	2,514	(2,184)	570	277	4,809	(3,934)	1,152
Financial expense- interest	(36,117)	(30,836)	2,184	(64,769)	(36,081)	(31,818)	3,934	(63,965)
Depreciation and amortization	(28,782)	(1,277)	-	(30,059)	(28,637)	(878)	-	(29,515)
Capital expenditures	22,988	3,046	-	26,034	19,046	925	-	19,971
Average full time employees (#)	14,497	-	-	14,497	15,571	-	-	15,571

d. Geographic Information

Segment revenues and non-current assets based on the geographical location are represented as follows:

	2019		2018	
	Revenues $'000	Non-current Assets $'000	Revenues $'000	Non-current Assets $'000
Costa Rica	332,341	168,470	323,395	171,988
Ecuador	221,157	50,733	203,504	48,495
Jamaica	148,676	102,788	145,976	101,915
Trinidad & Tobago	146,902	176,367	144,217	162,741
Guatemala	145,861	26,768	145,843	25,039
El Salvador	140,610	40,867	131,140	40,347
Honduras	113,171	30,086	110,292	29,174
Nicaragua	75,177	16,614	111,967	24,185
Guyana	61,826	26,936	52,993	20,584
Barbados	39,515	28,726	41,289	25,715
Belize	24,551	7,693	24,770	8,103
Paraguay	16,152	21,877	31,914	11,560
Other countries	198,809	28,298	183,507	45,022
	1,664,748	726,223	1,650,807	714,868