GRUPO UNICOMER CO. LTD.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

JUNE 30, 2019

Grupo Unicomer Co. Ltd. and subsidiaries

Index to the condensed consolidated interim financial statements
June 30, 2019

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of financial position
June 30, 2019
(expressed in U.S. dollars)

	Notes	June 30, 2019 $´000	March 31, 2019 $´000
ASSETS			
Current assets			
Cash and cash equivalents		88,966	77,706
Accounts receivable, net	7	564,875	572,792
Accounts receivable – related parties		5,019	5,600
Loan receivable – related parties		550	2,848
Other receivables and prepayments		51,635	43,029
Inventories, net	11	291,253	286,577
Deferred acquisition costs		22,094	22,593
Prepaid income taxes		10,953	17,317
Total current assets		1,035,345	1,028,462
Non-current assets			
Accounts receivable, net	7	289,403	296,193
Loan receivable – related parties		14,325	11,041
Property and equipment, net	8	140,505	143,105
Right-of-use assets	10	235,262	-
Intangible assets	9	159,455	158,273
Goodwill	12	67,320	66,302
Retirement benefit assets		5,305	5,502
Deferred tax assets		47,920	40,916
Other assets		5,154	4,891
Total non-current assets		964,649	726,223
Total assets		1,999,994	1,754,685
LIABILITIES			
Current liabilities			
Bank overdrafts, secured		4,075	2,338
Short-term borrowings	13	33,488	27,590
Current portion of long-term borrowings	14	134,009	104,883
Accounts payable		159,656	173,880
Accounts payable – related parties		1,662	1,811
Bonuses payable		4,603	3,795
Unearned premiums		17,097	19,056
Other accounts payable and accruals		78,338	66,408
Current income tax liabilities		10,996	21,860
Lease liabilities short-term	10	47,848	-
Provision for warranties	15	5,446	4,947
Total current liabilities		497,218	426,568
Non-current liabilities			
Long-term borrowings	14	569,214	595,927
Deferred warranty income		116,513	115,673
Bonuses payable		4,192	3,701
Employee benefit obligations	15	16,747	16,503
Lease liabilities long-term	10	216,077	-
Deferred tax liabilities		16,107	16,264
Total non-current liabilities		938,850	748,068
Total liabilities		1,436,068	1,174,636
EQUITY			
Share capital	21	152,066	152,066
Retained earnings (including statutory reserves)		510,147	526,336
Currency translation reserve		(98,287)	(98,353)
Total equity		563,926	580,049
Total liabilities and equity		1,999,994	1,754,685

The notes on pages 8-21 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of income
For the three months ended June 30, 2019
(expressed in U.S. dollars)

	Notes	Three months ended June 30, 2019 $'000	Three months ended June 30, 2018 $'000
Sales		271,986	288,491
Cost of goods sold		(191,692)	(202,138)
Gross profit on sales		80,294	86,353
Premium income		4,507	4,767
Finance income earned on credit operations		105,525	107,863
Total gross profit		190,326	198,983
Distribution and selling expenses	16	(127,283)	(126,858)
Administrative expenses	16	(31,261)	(30,792)
Other operating income, net		1,738	3,030
Operating profit	6	33,520	44,363
Financial income		145	231
Financial expense	10	(20,738)	(15,904)
Foreign exchange losses and other charges		193	(2,346)
Net finance costs		(20,400)	(18,019)
Profit before income tax		13,120	26,344
Income tax expense	17	(8,205)	(10,407)
Profit for the period		4,915	15,937

The notes on pages 8-21 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of income and other comprehensive income
For the three months ended June 30, 2019
(expressed in U.S. dollars)

	Three months ended June 30,	
	2019	2018
	$'000	$'000
Profit for the period	4,915	15,937
Items that may be reclassified to profit or loss:		
Currency translation adjustments	66	(8,057)
Other comprehensive loss for the period	66	(8,057)
Total comprehensive income for the period	4,981	7,880

The notes on pages 8-21 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of changes in equity
For the three months ended June 30, 2019
(expressed in U.S. dollars)

	Share capital $´000	Statutory reserves $´000	Retained earnings $´000	Currency translation reserve $´000	Total equity $´000
Balances at March 31, 2018	**163,386**	**14,810**	**480,129**	**(88,971)**	**569,354**
Total comprehensive income for the period					
Profit for the period	-	-	15,937	-	15,937
Other comprehensive income/(loss):					
Currency translation adjustments	-	-	-	(8,057)	(8,057)
Other comprehensive (loss) for the period, net of taxation	-	-	-	(8,057)	(8,057)
Total comprehensive income/(loss) for the period	-	-	15,937	(8,057)	7,880
Transfers to statutory reserve	-	1,166	(1,166)	-	-
Balances at June 30, 2018	**163,386**	**15,976**	**494,900**	**(97,028)**	**577,234**
Balances at March 31, 2019	**152,066**	**16,928**	**509,408**	**(98,353)**	**580,049**
Impact on initial application of IFRS 16, net of tax (note 4)			(21,104)		(21,104)
Adjusted balances at April 1, 2019	**152,066**	**16,928**	**488,304**	**(98,353)**	**558,945**
Total comprehensive income for the period					
Profit for the period	-	-	4,915	-	4,915
Other comprehensive income/(loss):					
Currency translation adjustments	-	-	-	66	66
Other comprehensive (loss) for the period, net of taxation	-	-	-	66	66
Total comprehensive income/(loss) for the period	-	-	4,915	66	4,981
Transfers to statutory reserve	-	901	(901)	-	-
Balances at June 30, 2019	**152,066**	**17,829**	**492,318**	**(98,287)**	**563,926**

The notes on pages 8-21 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and subsidiaries

Condensed consolidated interim statement of cash flows
For the three months ended June 30, 2019
(expressed in U.S. dollars)

	Notes	June 30, 2019 $'000	June 30, 2018 $'000
Cash flows from operating activities			
Profit for the period		4,915	15,937
Adjustments for:			
Depreciation and impairment of property and equipment	8	4,924	5,199
Depreciation of rigth-of-use assets	10	13,894	-
Amortization of intangible assets and impairment	9	2,631	2,483
Loss on disposal of property and equipment and intangible assets		336	353
Increase in employee benefits provision	15	756	1,405
Increase in provision for warranties, net	15	632	1,806
Impairment of accounts receivable	7	25,185	21,198
Decrease in unearned premium reserve		(1,958)	(2,745)
Deferred policy acquisition cost released to income statement		3,292	3,996
Net finance costs		20,400	18,019
Income tax expense	17	8,205	10,407
		83,212	78,058
Changes in working capital:			
Increase in accounts receivable	7	(10,478)	(8,136)
(Increase)/decrease in accounts receivable – related parties		1,409	(67)
(Increase) in other receivables and prepayments		(8,606)	(17,268)
(Decrease)/Increase in retirement of benefits assets		197	(690)
(Increase) in inventories	11	(4,676)	(22,306)
(Increase) in deferred acquisition cost		(2,793)	(4,616)
(Increase) in other assets		(263)	(5)
(Decrease)/increase Increase in accounts payable		(13,777)	4,085
(Decrease) in accounts payable – related parties		(150)	(171)
Provisions paid	15	(1,273)	(1,748)
Increase in bonuses payable		1,299	1,573
Increase in other accounts payable and accruals		11,936	13,742
Increase in deferred warranty income, net		840	1,200
		56,877	43,651
Interest received		145	231
Interest paid		(20,738)	(15,904)
Corporate income tax paid		(13,019)	(10,463)
Net cash provided by operating activities		23,265	17,515
Cash flows from investing activities			
Acquisition of property and equipment	8	(4,647)	(5,388)
Acquisition of intangible assets	9	(2,099)	(2,412)
(Increase) in loans receivable related companies		(985)	-
Translation adjustments in respect of foreign subsidiaries		(50)	(5,383)
Net cash used in investing activities		(7,781)	(13,183)
Cash flows from financing activities			
Proceeds from short-term borrowings		25,950	52,204
Repayments of short-term borrowings		(20,053)	(25,053)
Proceeds of long-term borrowing		28,217	93,794
Repayments of long-term borrowing		(25,803)	(76,370)
Payment of lease liabilities	10	(13,186)	-
Bank overdraft		1,736	(739)
Net cash (used in)/provided by financing activities		(3,139)	43,836
Net increase in cash and cash equivalents		12,345	48,168
Cash and cash equivalents at the beginning of period		77,706	66,691
Effect of movements in exchange rates on cash and cash equivalents		(1,085)	(1,982)
Cash and cash equivalents at end of period		88,966	112,877

The notes on pages 8-21 are an integral part of these consolidated financial statements.

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated interim financial statements
For the three months ended June 30, 2019
(expressed in U.S. dollars)

1. Reporting entity

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

Infotech of the Caribbean and Central America Corp. ("Infotech"), owns 50% of the share capital of the Company, which it controls, and is controlled by Milady Associates Ltd. The other 50% is held by Gromerón, S.L.U., which is 100% owned by Corporación Gromeron, S.A. de C.V., which is 99.99% owned by El Puerto de Liverpool, S.A.B. de C.V., a publicly traded company in Mexico.

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

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

Certain of the Company's debt was issued on March 27, 2017 in a private placement in accordance with Rule 144A and Regulation S under the Securities Act of 1933; and it was listed on the Singapore Stock Exchange on April 3, 2017.

2. Statement of compliance, basis of preparation

2.1 Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as of and for the year ended March 31, 2019.

2.2 Judgements and estimates

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

In preparing this condensed consolidated interim financial report, significant judgments made by management in applying the Group´s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended March 31, 2019.

3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended March 31, 2019, except for the changes in policies disclosed in note 4.

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2019
(expressed in U.S. dollars)

4. Change in significant accounting policies.

The Group has initially adopted IFRS 16 Leases from 1 April 2019. A number of other new standards are effective from 1 April 2019, but they do not have a material effect on the Groups financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, has recognized right of use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 April 2019. Accordingly, the comparative information presented for March 2019 in Balance sheet and 2018 in Profit and loss, has not been restated- i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group leases many assets, including properties, vehicle, IT equipment, among other.

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right of use assets and lease liabilities for most leases – i.e these leases are on balance sheet.

However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets (e.g IT equipment, printers, among other). The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable after April 1, 2019

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group´s incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercise or a determination option is reasonably certain not to be exercised.

The Group has applied judgment to determine the lease term for same lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount od lease liabilities and right of use assets recognized.

Transition:

Previously, the Group classified property leases as operating leases under IAS 17. These include warehouse and administrative buildings facilities. The leases typically run for a period of 5 years. Some leases include an option to renew the lease for an additional one year after end of the original contract term period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group´s incremental barrowing rate as at 1 April 2019. Right of use assets are measured at cost

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17

-Applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term.

-Excluded initial direct costs from measuring the right of use asset at the date of initial application.

-Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease

The impact, net of tax, on transition to IFRS 16 on retained earnings:

	Retained earnings $´000
Balances as at March 31, 2019 under IAS	509,408
Recognition of net effect of IFRS 16	(27,953)
Recognition of deferred tax related effect	6,849
Balances as at April 1, 2019 under IFRS	488,304

Policy applicable before April 1, 2019

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.

5. Seasonality of operations

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

The Group plans its purchases of inventory with seasonal patterns in mind and so as to minimize the risks of being subject to delays in inventory imports or subject to overstocking due to inventory orders placed too early (note 11).

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2019
(expressed in U.S. dollars)

6. Operating segments

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

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

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

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

Information about reportable segments:

	Three months ended June 30, 2019							
	2019				2018			
	Latin America	Caribbean	Other	Total	Latin America	Caribbean	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales	190,033	76,222	5,731	271,986	200,624	81,389	6,478	288,491
Finance income earned on credit sales and premium income	62,458	43,476	4,098	110,032	65,088	42,608	4,934	112,630
External revenues	252,491	119,698	9,829	382,018	265,712	123,997	11,412	401,121
Reportable segment - profit before tax	4,886	6,769	1,465	13,120	10,060	14,047	2,237	26,344

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2019
(expressed in U.S. dollars)

7. Accounts receivable

a. Accounts receivable as of June 30, 2019 and March 31, 2019 are as follows:

	June 30, 2019 $´000	March 31, 2019 $´000
Gross accounts receivable – customers	988,741	1,013,248
Allowance for forgiveness of instalments	(9,231)	(9,606)
Gross cash loans receivable – customers	289,077	278,682
Gross interest receivable	25,299	25,436
Unearned finance income	(341,952)	(345,139)
	951,934	962,621
Less: allowance for impairment	(97,656)	(93,636)
	854,278	868,985
Current portion of accounts receivable, net	(564,875)	(572,792)
Non-current portion of accounts receivable, net	289,403	296,193

b. Current portion of accounts receivable:

	June 30, 2019 $´000	March 31, 2019 $´000
Gross accounts receivable, cash loans and interest receivable – customers	894,651	908,431
Unearned finance income	(254,583)	(260,266)
Total accounts receivable	640,068	648,165
Less: allowance for impairment	(75,193)	(75,373)
	564,875	572,792

c. The movement in the allowance for impairment of receivables during the three months' period ended June 30, 2019 and twelve months' period ended March 31, 2019 is as follows:

	June 30, 2019 $´000	March 31, 2019 $´000
Balance at beginning of the period	93,636	100,777
Impairment losses recognized	25,185	85,028
Utilized during the period	(21,172)	(91,048)
Foreign exchange adjustment	7	(1,121)
	97,656	93,636

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2019
(expressed in U.S. dollars)

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

		June, 30 2019		
Age buckets	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
		$'000	$'000	
Stage I	2.34%	773,000	(18,123)	No
Stage II	16.90%	101,564	(17,160)	No
Stage III	80.62%	77,370	(62,373)	Yes
		951,934	(97,656)	

		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)	

8. Property and equipment

	$'000
Cost	
Balance as of March 31, 2019	298,272
Additions	4,647
Disposals	(1,029)
Sales	(222)
Transfer	(83)
Adjustments	(38)
Translation adjustments	(2,632)
Balance as of June 30, 2019	298,915
Accumulated depreciation	
Balance as of March 31, 2019	155,167
Depreciation for the period	4,924
Disposals	(747)
Sales	(188)
Adjustments	(18)
Translation adjustments	(728)
Balance as of June 30, 2019	158,410
Carrying amounts:	
At June 30, 2019	140,505
At March 31, 2019	143,105

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2019
(expressed in U.S. dollars)

9. Intangible assets

	$'000
Cost	
Balance as of March 31, 2019	212,170
Additions	2,099
Disposals	(2)
Transfers	83
Translation adjustments	2,274
Balance as of June 30, 2019	216,624
Accumulated amortization	
Balance as of March 31, 2019	53,897
Amortization for the period	2,631
Disposals	(2)
Translation adjustments	643
Balance as of June 30, 2019	57,169
Carrying amounts:	
At June 30, 2019	159,455
At March 31, 2019	158,273

10. Leases

This note provides information for leases where the Group is a lessee. Including the right-of-use assets and liabilities included on lease contracts.

i. Amounts recognized in the balance sheet:

	June 30, 2019 $'000
Right-of-use assets	
Cost	
Cost of buildings right of use recognized at April 1, 2019	249,156
Accumulated depreciation	
Depreciation charge of right-of-use assets	(13,894)
Carrying amounts	
As of June 30, 2019	235,262

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2019
(expressed in U.S. dollars)

	June 30, 2019 $'000
Lease liabilities	
Lease liabilities recognized as at April 1, 2019	277,111
Less: Principal payments as of June 30, 2019	(13,186)
Carrying amounts as of June 30, 2019	263,925

	June 30, 2019 $´000
Total future lease payments as of June 30, 2019	340,625
Less: Future interest charges	(76,700)
Carrying amount as of June 30, 2019	263,925
Less: short-term portion as of June 30, 2019	(47,848)
Long-term lease liabilities as of June 30, 2019	216,077

ii. Amounts recognized in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	June 30, 2019 $'000
Depreciation charge of right-of-use assets:	
Buldings	50,151
Interest expense (included in finance cost)	-5,230

11. Inventories

As of June 30, 2019, the Group's total inventory reached $291.3 million, representing an increase of +1.6% or +$4.7 million compared with March 2019. Both regions, Caribbean and Latin America, experienced increases in their merchandise for sale of +9.6% (+$7.7 million) and +0.8% (+$1.2 million), respectively. These increases are common due to the seasonality of the business. In the prior year the inventory turnover decreased between Mar18 to Jun18 passing from 3.1 to 2.9 times per year; and a similar effect is observed between Mar19 and Jun19 with turnover passing from 2.9 to 2.8 times per year.

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2019
(expressed in U.S. dollars)

12. Acquisitions and sale of subsidiaries and businesses

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

	$´000
Balance as of March 31, 2018	68,069
Effect of movements in exchange rates	(1,767)
Balance as of March 31, 2019	66,302
Effect of movements in exchange rates	1,018
Balance as of June 30, 2019	67,320

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

	June 30, 2019 $'000	**March 31, 2019** $'000
Costa Rica	32,783	31,765
Paraguay	10,117	10,117
Ecuador	21,159	21,159
Other Caribbean countries	3,261	3,261
	67,320	66,302

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

(i) Analysis of assets and liabilities disposed of:

	$´000
Property and equipment, net	6,304
Related company loans	(4,624)
Accounts payable - related parties	(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

Grupo Unicomer Co. Ltd. and subsidiaries

Notes to the condensed consolidated financial statements
For the three months ended June 30, 2019
(expressed in U.S. dollars)

13. Short-term borrowings

	Interest rates	June 30, 2019 $'000	March 31, 2019 $'000
Borrowings under short-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	June:4.51% - 4.72% (March:4.95% - 6.00%)	7,500	2,500
Non-U.S. dollar based local functional currencies	June:6.00% - 10.70% (March:5.19% - 10.25%)	15,104	16,199
		22,604	18,699
Short-term loans:			
Non-U.S. dollar based local functional currencies	June:7.00% - 7.00% (March:6.50% - 7.00%)	10,884	8,891
Total short-term borrowings		33,488	27,590

14. Long-term borrowings

	Interest rates	June 30, 2019 $'000	March 31, 2019 $'000
Long-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	June:6.00% - 7.21% (March:6.00% - 7.21%)	2,663	4,710
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	June:5.33% - 5.83% (March:5.72% - 6.04%)	34,660	25,687
Non-U.S. dollar based local functional currencies	June:9.00% - 10.00% (March:9.00% - 10.00%)	18,620	13,853
		55,943	44,250
Long-term loans:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	June:6.00% - 12.00% (March:6.00% - 12.00%)	14,957	15,245
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	June:6.38% - 9.78% (March:6.24% - 9.42%)	378,576	377,171
Non-U.S. dollar based local functional currencies	June:5.00% - 12.95% (March:5.00% - 12.90%)	259,243	269,936
		652,776	662,352
Subtotal long-term borrowings		708,719	706,602

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Notes to the condensed consolidated financial statements
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	June 30, 2019 $'000	March 31, 2019 $'000
Subtotal long-term borrowings	708,719	706,602
Less:		
Capitalized loan transaction costs:		
At beginning of the period	(5,792)	(5,937)
Arising on new loans	-	(1,096)
Amortized in interest expense for the period	257	1,273
Translation adjustments	39	(32)
	(5,496)	(5,792)
Carrying value of long-term borrowings	703,223	700,810
Less:		
Current portions of:	-	-
Long-term loans	(79,996)	(71,411)
Lines of credit	(54,013)	(33,472)
	(134,009)	(104,883)
Total long-term borrowings	569,214	595,927

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

	June 30, 2019	March 31, 2019
Current portion	134,009	104,883
Between 1 and 2 years	64,517	76,181
Between 2 and 5 years	416,933	71,962
Over 5 years	93,260	453,576
	708,719	706,602

15. Provisions

	Product warranties $'000	Employee benefits $'000	Total $'000
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
Charged to profit for the period	1,092	778	1,870
Amount used during the period	(870)	(403)	(1,273)
Release of provision	(460)	(22)	(482)
Translation adjustments	737	(109)	628
Balance as of June 30, 2019	5,446	16,747	22,193

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16. Operating expenses

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

	Three months ended June 30,	
	2019	**2018**
	$'000	$'000
Personnel expenses	65,616	65,324
Accounts receivable – impairment	25,185	21,198
Depreciation of right-of-use assets	13,894	-
Depreciation of property and equipment	4,924	5,199
Amortization of intangible assets and impairment	2,631	2,483
Advertising	9,540	7,369
Freight expenses	4,225	4,588
Insurance	3,987	4,875
Commissions and others	3,593	3,541
Utilities	3,553	2,869
Other operating expenses, net	3,266	5,236
Telecommunications	2,976	2,652
Professional fees	2,805	2,413
Repairs and maintenance	2,739	2,731
Maintenance and leasing computer equipment	2,066	2,249
Security services	1,796	1,791
Administrative services	1,755	2,473
Travel expenses	1,561	1,646
Extended warranty claims and administrative expenses	1,283	1,405
Municipal tax	615	813
Charitable donations	460	648
Outsourcing expenses	74	43
Operating leases	-	16,104
	158,544	157,650
Comprising:		
Distribution and selling expenses	127,283	126,858
Administrative expenses	31,261	30,792
	158,544	157,650

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

Wages and benefits	41,360	41,237
Commissions	10,980	10,983
Social security and pension cost	6,563	6,261
Other employee benefits	6,713	6,843
	65,616	65,324

The average number of full-time-equivalent employees for the three months' period ended June 30, 2019, was 14,594 (2018: 15,184).

17. Income tax expense

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

The Group's consolidated effective tax rate for the three months ended June 30, 2019 was 58.9% (three months ended June 30, 2018: 39.5%).

The increase of effective tax rate in the comparison is explained by (i) downturn on Profit before tax in Nicaraguan subsidiaries due to a political crisis continuation, (ii) subsidiaries on countries with corporate taxes are calculated on net revenues (Unicoservi from Guatemala) or where a minimum tax applies (Dominican Republic and Belize) and (iii) subsidiaries with negative first quarter results (Curacao, Aruba and Paraguay subsidiaries, among others).

18. Related-party transactions

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

	Three months ended June 30,	
	2019	2018
	$'000	$'000
Expenses incurred for services	3,206	2,328
Purchases of merchandise	26	76
Expenses for advertising	112	82
Income from services provided	211	380
Interest income on loan granted to affiliates	77	103
Sales of merchandise	34	-

19. Financial instruments

With respect to the management of liquidity risk, management constantly maintains adequate access to funding in terms of available headroom under bank lines of credit. As of June 30, 2019, the Group had $250,107,929 (June 2018: $302,192,469) of lines of credit, with available head rooms totaling $171,561,723 (June 2018: $199,730,626).

Other aspects of the Group's financial risk management goals and policies regarding market risk, currency risk and interest rate risk are consistent with the guidelines and policies disclosed in the consolidated financial statements for the years ended March 31, 2019 and 2018.

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20. Capital management

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

21. Share capital.

	June 30, 2019 $'000	March 31, 2019 $'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:		
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
	152,066	152,066