GRUPO UNICOMER CORP.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DECEMBER 31, 2019

Grupo Unicomer Corp.

Index to the condensed consolidated interim financial statements
December 31, 2019

Grupo Unicomer Corp.
(Formerly Grupo Unicomer Co. Ltd.)

Condensed consolidated interim statement of financial position
December 31, 2019
(expressed in U.S. dollars)

	Notes	December 31, 2019 $'000	March 31, 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents		120,750	77,706
Accounts receivable, net	7	604,265	572,792
Accounts receivable – related parties		12,257	5,600
Loan receivable – related parties		9	2,848
Other receivables and prepayments		51,358	43,029
Inventories, net	11	276,716	286,577
Deferred acquisition costs		23,394	22,593
Prepaid income taxes		9,528	17,317
Total current assets		1,098,277	1,028,462
Non-current assets			
Accounts receivable, net	7	319,892	296,193
Loan receivable – related parties		16,034	11,041
Property and equipment, net	8	141,559	143,105
Right-of-use assets	10	152,783	-
Intangible assets	9	160,234	158,273
Goodwill	12	67,732	66,302
Retirement benefit assets		5,229	5,502
Deferred tax assets		50,340	40,916
Other assets		5,439	4,891
Total non-current assets		919,242	726,223
Total assets		2,017,519	1,754,685
LIABILITIES			
Current liabilities			
Bank overdrafts, secured		1,471	2,338
Short-term borrowings	13	74,227	27,590
Current portion of long-term borrowings	14	91,289	104,883
Accounts payable		193,541	173,880
Accounts payable – related parties		4,191	1,811
Bonuses payable		2,443	3,795
Unearned premiums		19,195	19,056
Other accounts payable and accruals		89,731	66,408
Current income tax liabilities		11,964	21,860
Short-term financial leasing liabilities	10	46,192	-
Provision for warranties	15	6,234	4,947
Total current liabilities		540,478	426,568
Non-current liabilities			
Long-term borrowings	14	601,074	595,927
Accounts payable – related parties		362	-
Loans payable – related parties		1,949	-
Deferred warranty income		123,649	115,673
Bonuses payable		4,742	3,701
Employee benefit obligations	15	20,108	16,503
Long-term financial leasing liabilities	10	126,583	-
Deferred tax liabilities		19,393	16,264
Total non-current liabilities		897,860	748,068
Total liabilities		1,438,338	1,174,636
EQUITY			
Share capital	21	152,066	152,066
Retained earnings (including statutory reserves)		523,838	526,336
Currency translation reserve		(96,723)	(98,353)
Total equity		579,181	580,049
Total liabilities and equity		2,017,519	1,754,685

The notes on pages 8-23 are an integral part of these consolidated financial statements.

Grupo Unicomer Corp.
(Formerly Grupo Unicomer Co. Ltd.)

Condensed consolidated interim statement of income
For the nine months ended December 31, 2019
(expressed in U.S. dollars)

	Notes	Nine months ended December 31, 2019 $'000	Nine months ended December 31, 2018 $'000
Sales		974,843	973,328
Cost of goods sold		(697,943)	(691,825)
Gross profit on sales		276,900	281,503
Premium income		13,110	13,864
Finance income earned on credit operations		327,898	315,196
Total gross profit		617,908	610,563
Distribution and selling expenses	16	(317,967)	(325,726)
Administrative expenses	16	(112,981)	(93,715)
Impairment losses from accounts receivable		(69,453)	(68,157)
Other operating income, net		6,853	6,748
Operating profit		124,360	129,713
Financial income		1,679	658
Financial expense		(49,438)	(49,040)
Financial expense in regards to leases		(11,147)	-
Foreign exchange losses and other charges		416	(4,483)
Net finance costs		(58,490)	(52,865)
Profit before income tax		65,870	76,848
Income tax expense	17	(28,676)	(30,727)
Profit for the period		37,194	46,121

Grupo Unicomer Corp.
(Formerly Grupo Unicomer Co. Ltd.)

Condensed consolidated interim statement of income and other comprehensive income
For the nine months ended December 31, 2019
(expressed in U.S. dollars)

	Nine months ended December 31, 2019 $'000	Nine months ended December 31, 2018 $'000
Profit for the period	37,194	46,121
Other comprehensive income/(loss):		
Other comprehensive loss:		
Items that will never be reclassified to profit or loss:		
Remeasurement of employee benefits obligation	(2,562)	519
Items that may be reclassified to profit or loss:		
Currency translation adjustments	1,630	(13,106)
Other comprehensive loss for the period	(932)	(12,587)
Total comprehensive income for the period	36,262	33,534

Grupo Unicomer Corp.
(Formerly Grupo Unicomer Co. Ltd.)

Condensed consolidated interim statement of changes in equity
For the nine months ended December 31, 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	-	-	46,121	-	46,121
Other comprehensive income/(loss):					
Remeasurement of employee benefit obligation, net of taxation	-	-	519	-	519
Currency translation adjustments	-	-	-	(13,106)	(13,106)
Other comprehensive (loss) for the period, net of taxation	-	-	519	(13,106)	(12,587)
Total comprehensive income/(loss) for the period	-	-	46,640	(13,106)	33,534
Transfers to statutory reserve	-	1,424	(1,424)	-	-
Transaction with owners recorded directly in equity					
Transfer of subsidiaries	-	-	270	-	270
Distribution of share premium (note 21 (b))	(11,320)	-	-	-	(11,320)
Dividends paid (note 21 (c) (i))	-	-	(11,149)	-	(11,149)
Total transactions with owners recorded directly in equity	(11,320)	-	(10,879)	-	(22,199)
Balances at December 31, 2018	**152,066**	**16,234**	**514,466**	**(102,077)**	**580,689**
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)			(15,130)		(15,130)
Adjusted balances at April 1, 2019	**152,066**	**16,928**	**494,278**	**(98,353)**	**564,919**
Total comprehensive income for the period					
Profit for the period	-	-	37,194	-	37,194
Other comprehensive income:					
Remeasurement of employee benefit obligation, net of taxation	-	-	(2,562)	-	(2,562)
Currency translation adjustments	-	-	-	1,630	1,630
Other comprehensive (loss) for the period, net of taxation	-	-	(2,562)	1,630	(932)
Total comprehensive income for the period	-	-	34,632	1,630	36,262
Transfers to statutory reserve	-	1,209	(1,209)	-	-
Transactions with owners recorded directly in equity					
Dividends paid (note 21 (c) (ii))	-	-	(22,000)	-	(22,000)
Total transactions with owners recorded directly in equity	-	-	(22,000)	-	(22,000)
Balances at December 31, 2019	**152,066**	**18,137**	**505,701**	**(96,723)**	**579,181**

The notes on pages 8-23 are an integral part of these consolidated financial statements.

Grupo Unicomer Corp.
(Formerly Grupo Unicomer Co. Ltd.)

Condensed consolidated interim statement of cash flows
For the nine months ended December 31, 2019
(expressed in U.S. dollars)

	Notes	December 31, 2019 $'000	December 31, 2018 $'000
Cash flows from operating activities			
Profit for the period		37,194	46,121
Adjustments for:			
Depreciation and impairment of property and equipment	8	15,450	16,163
Depreciation of right-of-use assets	10	37,921	-
Amortization of intangible assets and impairment	9	7,246	7,471
Loss on disposal of property and equipment and intangible assets		3,423	2,642
Increase in employee benefits provision	15	5,159	1,794
Increase in provision for warranties, net	15	6,610	6,988
Impairment of accounts receivable	7	69,453	68,157
Decrease in unearned premium reserve		139	1,316
Deferred policy acquisition cost released to income statement		22,825	13,857
Net finance costs		58,490	52,865
Income tax expense	17	28,676	30,727
		292,586	248,101
Changes in working capital:			
(Increase) in accounts receivable	7	(124,625)	(115,051)
(Increase) in accounts receivable – related parties		(7,623)	(5,213)
(Increase) in other receivables and prepayments		(8,329)	(10,375)
Decrease/(increase) in retirement of benefits assets		273	(250)
Decrease/increase in inventories	11	9,861	(24,365)
(Increase) in deferred acquisition cost		(23,626)	(13,796)
(Increase) in other assets		(547)	(152)
(Increase)/decrease in loans receivable – related parties		(2,154)	3,088
Increase in accounts payable		20,881	27,761
Increase in accounts payable – related parties		2,742	2,358
Increase in loans payable - related company		1,949	4,624
Provisions paid	15	(6,877)	(6,346)
(Decrease)/increase in bonuses payable		(311)	858
Increase in other accounts payable and accruals		23,322	10,051
Increase in deferred warranty income, net		7,976	3,121
		185,498	124,417
Interest received		1,679	658
Interest paid		(49,438)	(49,040)
Financial expense paid regarding leases	10	(11,147)	-
Corporate income tax paid		(37,078)	(25,679)
Net cash provided by operating activities		89,514	50,356
Cash flows from investing activities			
Acquisition of property and equipment	8	(16,664)	(18,502)
Acquisition of intangible assets	9	(7,517)	(8,184)
Translation adjustments in respect of foreign subsidiaries		(593)	(6,113)
Net cash used in investing activities		(24,774)	(32,799)
Cash flows from financing activities			
Proceeds from short-term borrowings		116,825	111,309
Repayments of short-term borrowings		(70,188)	(92,163)
Proceeds of long-term borrowings		112,985	153,894
Repayments of long-term borrowings		(117,712)	(126,119)
Payment of lease liabilities	10	(37,795)	-
Bank overdraft		(867)	(2,213)
Share premium paid		-	(11,320)
Dividends paid		(22,000)	(11,149)
Net cash (used in)/provided by financing activities		(18,752)	22,239
Net cash and cash equivalents		45,988	39,796
Cash and cash equivalents at the beginning of period		77,706	66,691
Effect of movements in exchange rates on cash and cash equivalents		(2,944)	(5,874)
Cash and cash equivalents at end of period		120,750	100,613

Grupo Unicomer Corp.
(Formerly Grupo Unicomer Co. Ltd.)

Notes to the condensed consolidated interim financial statements
For the nine months ended December 31, 2019
(expressed in U.S. dollars)

1. Reporting entity

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

The Company changed its legal domicile from the British Virgin Islands to the Republic of Panama and is, since then, called Grupo Unicomer Corp. On November 1, 2019 the change of name and change of domicile was officially registered in the Republic of Panama.

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.

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 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.

4. Change in significant accounting policies

The Group has initially adopted IFRS 16 *Leases* from April 1, 2019, this standard 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 April 1, 2019. Accordingly, the comparative information presented as of March 31, 2019 in the Statement of Financial Position and for the period ended December 31, 2018 in the Statement of Income, 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.

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 March 31, 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. 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 of lease liabilities and right of use assets recognized.

Transition:

Previously, the Group classified property leases as operating leases under IAS 17. These included warehouse and administrative buildings facilities. The leases typically run for an average 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 IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group´s incremental borrowing rate as at April 1, 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

- 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:

	$'000
Balance as at March 31, 2019 under IAS 17	509,408
Recognition of net effect of IFRS 16	(19,866)
Recognition of deferred tax related effect	4,736
Balance as at April 1, 2019 under IFRS16	494,278

Policy applicable after March 31, 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.

A number of other new standards and amendments are effective from April 1, 2019. The Group is assessing them and has determined that the following are relevant to its financial statements.

- 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.

- IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 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.

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 holiday 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 Corp.
(Formerly Grupo Unicomer Co. Ltd.)

Notes to the condensed consolidated interim financial statements
For the nine months ended December 31, 2019
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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.

Information about reportable segments:

	Nine months ended December 31,							
	2019				2018			
	Latin America	Caribbean	Other	Total	Latin America	Caribbean	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales	633,846	314,451	26,546	974,843	640,332	311,300	21,696	973,328
Finance income earned on credit sales and premium income	194,608	139,611	6,789	341,008	190,627	126,634	11,799	329,060
External revenues	828,454	454,062	33,335	1,315,851	830,959	437,934	33,495	1,302,388
Reportable segment - Profit before tax	20,277	40,573	5,020	65,870	24,369	49,880	2,599	76,848

7. Accounts receivable

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

	December 31, 2019 $'000	March 31, 2019 $'000
Gross accounts receivable – customers	985,752	1,013,248
Allowance for forgiveness of instalments	(7,931)	(9,606)
Gross cash loans receivable – customers	396,796	278,682
Gross interest receivable	22,054	25,436
Unearned finance income	(377,425)	(345,139)
	1,019,246	962,621
Less: allowance for impairment	(95,089)	(93,636)
	924,157	868,985
Current portion of accounts receivable, net	(604,265)	(572,792)
	319,892	296,193

b. Current portion of accounts receivable:

	December 31, 2019 $'000	March 31, 2019 $'000
Gross accounts receivable, cash loans and interest receivable – customers	963,945	908,431
Unearned finance income	(284,942)	(260,266)
Total accounts receivable due within one year	679,003	648,165
Allowance for impairment	(74,738)	(75,373)
Short term accounts receivable	604,265	572,792

c. The movement in the allowance for impairment of receivables during the nine months' period ended December 31, 2019 and year ended March 31, 2019 is as follows:

	December 31, 2019 $'000	March 31, 2019 $'000
Balance at beginning of the period	93,636	100,777
Impairment losses recognized	69,453	85,028
Utilized during the period	(68,274)	(91,048)
Foreign exchange adjustment	274	(1,121)
	95,089	93,636

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

December 31, 2019

Age buckets	Weighted average loss rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Stage I	2.64%	851,489	(22,451)	No
Stage II	13.25%	89,436	(11,851)	No
Stage III	77.61%	78,321	(60,787)	Yes
		1,019,246	(95,089)	

March 31, 2019

Age buckets	Weighted average loss rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
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	16,664
Disposals	(4,881)
Sales	(1,479)
Transfer	(97)
Adjustments	(291)
Translation adjustments	(2,887)
Balance as of December 31, 2019	305,301
Accumulated depreciation	
Balance as of March 31, 2019	155,167
Depreciation for the period	15,450
Disposals	(1,646)
Sales	(1,582)
Adjustments	(2,226)
Translation adjustments	(1,421)
Balance as of December 31, 2019	163,742
Carrying amounts:	
At December 31, 2019	141,559
At March 31, 2019	143,105

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Notes to the condensed consolidated interim financial statements
For the nine months ended December 31, 2019
(expressed in U.S. dollars)

9. Intangible assets

	$'000
Cost	
Balance as of March 31, 2019	212,170
Additions	7,517
Disposals	(273)
Sales	(48)
Transfers	97
Adjustments	(10)
Translation adjustments	2,981
Balance as of December 31, 2019	222,434
Accumulated amortization	
Balance as of March 31, 2019	53,897
Amortization for the period	7,246
Disposals	(85)
Sales	(2)
Adjustments	298
Translation adjustments	846
Balance as of December 31, 2019	62,200
Carrying amounts:	
At December 31, 2019	160,234
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 statement of financial position:

	$'000
Right-of-use assets	
Cost	
Cost of right of use recognized at April 1, 2019	190,704
Accumulated depreciation	
Depreciation charge of right-of-use assets	(37,921)
Carrying amount as of December 31, 2019	152,783

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	$'000
Lease liabilities	
Lease	
Lease liabilities recognized as at April 1, 2019	210,570
Acumulated amortization	
Principal payments for the nine months period	(37,795)
Carrying amount as of December 31, 2019	172,775

	$'000
Future lease liabilities payments	
Total future lease payments as of December 31, 2019	220,969
Future interest charges	(48,194)
Carrying amount as of December 31, 2019	172,775
Short-term portion	(46,192)
Long-term lease liabilities as of December 31, 2019	126,583

ii. Amounts recognized in the statement of income:

The statement of income shows the following amounts relating to leases:

	$'000
Depreciation charge of right-of-use assets	37,921
Interest expense (included in finance cost)	11,147

11. Inventories

During the nine months ended at December 2019, the Group's total inventory decreased by -3.4%, equivalent to -$9.8 million, compared with March 2019. The decrease consists mainly of goods in transit (-36.4% or -$18.0 million). Such decrease is evident in both regions, Latin America with a fall of -22.3% or -$5.7 million and the Caribbean with -30.7% or -$4.9 million. On the other hand, merchandise for resale increased by 3.7% or $8.8 million in both regions Latin America and Caribbean with respective upswings of +5.5% and +2.4%. This net reduction of the inventory is related to the stock reduction strategy of the Group in order to improve the inventory turnover and the efficiency of the inventory management. As a matter of fact, the inventory rotation rate improved between March 2019 and December 2019 passing from 2.90 to 2.99. Compared to prior year, the improvement of the ratio is more significant, as in December 2018, this indicator was 2.87 and in March 2018 it was 3.86.

12. Acquisitions and sale of subsidiaries and businesses

a. The movement of Goodwill for the nine months ended December 31, is as follows:

	$'000
Balance as of March 31, 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	1,430
Balance as of December 31, 2019	67,732

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

	December 31, 2019 $'000	**March 31, 2019 $'000**
Costa Rica	33,195	31,765
Paraguay	10,117	10,117
Ecuador	21,159	21,159
Other Caribbean countries	3,261	3,261
	67,732	66,302

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b. Effective October 1, 2018 the Group completed the sale of its 100% shareholding in Unicon. Investments Aruba N.V. to Redstart Investments, Limited (St. Lucia). The assets and liabilities disposed in this transaction were as follows.

	$'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.

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

13. Short-term borrowings

	Interest rates	**December 31, 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	December: 4.23% - 5.05% (March: 4.95% - 6.00%)	44,363	2,500
Non-U.S. dollar based local functional currencies	December: 5.49% - 12.50% (March: 5.19% - 10.25%)	15,605	16,199
		59,968	18,699
Short-term loans:			
Non-U.S. dollar based local functional currencies	December: 6.50% - 7.00% (March: 6.50% - 7.00%)	14,259	8,891
Total short-term borrowings		74,227	27,590

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14. Long-term borrowings

	Interest rates	December 31, 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	December: 6.62% (March: 6.00% - 7.21%)	417	4,710
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	December: 5.01% - 6.02% (March: 5.72% - 6.04%)	23,249	25,687
Non-U.S. dollar based local functional currencies	December: 9.00% - 10.25% (March: 9.00% - 10.00%)	21,740	13,853
		45,406	44,250
Long-term loans:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	December: 6.00% - 12.00% (March: 6.00% - 12.00%)	19,384	15,245
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	December: 5.94% - 9.14% (March: 6.24% - 9.42%)	390,146	377,171
Non-U.S. dollar based local functional currencies	December: 5.00% - 12.90% (March: 5.00% - 12.90%)	242,305	269,936
		651,835	662,352
Subtotal long-term borrowings		697,241	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		806	1,273
Translation adjustments		108	(32)
		(4,878)	(5,792)
Carrying value of long-term borrowings		692,363	700,810
Less:			
Current portions of:			
Long-term loans		(57,416)	(71,411)
Lines of credit		(33,873)	(33,472)
		(91,289)	(104,883)
Total long-term borrowings		601,074	595,927

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

	December 31, 2019 $'000	March 31, 2019 $'000
Current portion	91,289	104,883
Between 1 and 2 years	70,420	76,181
Between 2 and 5 years	422,964	71,962
Over 5 years	112,568	453,576
	697,241	706,602

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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	6,610	5,159	11,769
Amount used during the period	(5,292)	(1,491)	(6,783)
Translation adjustments	(31)	(63)	(94)
Balance as of December 31, 2019	6,234	20,108	26,342

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16. Operating expenses

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

	December 31, 2019 $'000	December 31, 2018 $'000
Personnel expenses	204,735	200,209
Depreciation of right-of-use assets	37,921	-
Depreciation of property and equipment and impairment	15,450	16,163
Amortization of intangible assets and impairment	7,246	7,471
Advertising	26,901	28,472
Freight expenses	15,193	14,951
Commissions and others	11,978	11,779
Insurance	11,394	10,890
Utilities	10,697	10,283
Insurance extended warranty claims and administrative e›	9,488	4,250
Repairs and maintenance	9,314	8,804
Professional fees	9,314	9,327
Telecommunications	9,137	8,104
Outsourcing expenses	8,968	2,970
Maintenance and leasing computer equipment	7,034	7,367
Security services	5,545	5,372
Travel expenses	5,093	4,998
Operating leases	5,088	51,247
Charitable donations	1,905	1,486
Municipal tax	1,882	2,473
Other operating expenses, net	16,665	12,825
	430,948	419,441
Comprising:		
Distribution and selling expenses	317,967	325,726
Administrative expenses	112,981	93,715
	430,948	419,441

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

Wages and benefits	131,892	119,461
Commissions	35,594	35,843
Social security and pension cost	20,559	19,406
Other employee benefits	16,690	25,499
	204,735	200,209

The average number of full-time-equivalent employees as of December 31, 2019, was 15,402 (2018: 15,281).

17. Income tax expense

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

The Group's consolidated effective tax rate for the nine months ended December 31, 2019 was 43.5% (nine months ended December 31, 2018: 40.0%).

The increase of effective tax rate in the comparison is significantly explained by the combination of (i) an extraordinary social and political situation in Nicaragua that has impacted local subsidiaries' results combined with a minimum tax on net revenue, (ii) the effect of corporate taxes calculated on net revenue rather than net earnings (Guatemala) or where a minimum tax applies (Dominican Republic and Belize) and (iii) subsidiaries with negative third quarter results (Paraguay, Dominican Republic and Guatemala).

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:

	Nine months ended December 31	
	2019	2018
	$'000	$'000
Expenses incurred for services	6,991	9,738
Purchases of merchandise	195	196
Expenses for advertising	-	299
Purchase of fix assets	-	690
Income from services provided	1,229	1,809
Interest income on loan granted to affiliates	255	227
Sales of merchandise	241	29

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 December 31, 2019, the Group had $255,370,236 (December 2018: $285,946,000) of lines of credit, with available head rooms totaling $153,556,974 (December 2018: $111,499,000).

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

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. Equity

a. Share capital

	December 31, 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

According to the new domicile registered in the Republic of Panama the new authorized capital of the entity is composed of 1,000 shares with no nominal value; the value of the shares can only be established by agreement of the shareholders. On November 1, 2019, the shareholders have established a value of $152,065.55 per each share.

b. Share premium

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

c. Dividends

(i) At the General Meeting of the Shareholders held on August 26, 2019, a dividend of $22,000,000 was declared from the retained earnings of the year ended March 31, 2019.

(ii) 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.