US$350,000,000
Grupo Unicomer Co. Ltd.
7.875% Senior Notes Due 2024
Guaranteed on a senior unsecured basis by certain of our subsidiaries

We are offering US$350,000,000 aggregate principal amount of our 7.875% Senior Notes due 2024 (the "Notes"). We will pay interest on the Notes semi-annually on April 1 and October 1 of each year. The first interest payment will be made on October 1, 2017. The Notes will mature on April 1, 2024. There is no sinking fund for the Notes. At our option, we may redeem the Notes, in whole or in part, on or after April 1, 2021 at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest to the date of redemption. Prior to April 1, 2021, we may redeem the Notes, in whole or in part, by paying the principal amount of the Notes, plus the applicable "make-whole" premium and accrued and unpaid interest. Prior to April 1, 2021, we may also redeem up to 35% of the Notes with the proceeds of certain equity offerings. See "Description of the Notes—Optional Redemption."

The Notes will be our senior unsecured general obligations. The Notes will be unconditionally guaranteed by certain of our subsidiaries (the "Guarantors"), jointly and severally, on a senior unsecured basis. The Notes and guarantees will rank equally in right of payment with all of our and the Guarantors' existing and future senior indebtedness (other than certain indebtedness of Unicomer (Jamaica) Ltd. (our "Jamaican Guarantor"), which is contractually senior to the guarantee of our Jamaican Guarantor, see "Description of the Notes—Guarantees") and senior to all of our and the Guarantors' existing and future subordinated indebtedness (subject to certain statutory preferences, such as tax and labor claims). The Notes and guarantees will be structurally subordinated to the indebtedness and trade payables of our subsidiaries that are not Guarantors. The Notes will effectively rank junior in right of payment to all of our and the Guarantors' secured indebtedness to the extent of the value of the assets securing such indebtedness.

No public market currently exists for the Notes. We intend to apply to list the Notes on the Singapore Exchange Securities Trading Limited, or the Singapore Stock Exchange. The Singapore Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Admission to the Official List of the Singapore Stock Exchange is not to be taken as an indication of the merits of the Notes or our company. For as long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, the Notes will be traded on the Singapore Stock Exchange in a minimum board lot size of US$200,000. There can be no assurance that a trading market in the Notes will develop or be maintained.

Investing in the Notes involves certain risks. See "Risk Factors" beginning on page 19.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("Regulation S")) except that the Notes may be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A. You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers and sales of the Notes, and the distribution of this offering memorandum, see "Plan of Distribution" and "Notice to Investors."

Price: 99.998% plus accrued interest, if any, from March 27, 2017.

The Notes will be delivered in book-entry form only through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Euroclear Bank S.A./N.V. ("Euroclear"), as operator of the Euroclear system, and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream") against payment on or about March 27, 2017.

Joint Book-Running Managers

Citigroup **Credit Suisse** **BCP Securities**

March 20, 2017

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We have not, and the initial purchasers have not, authorized anyone to provide any information other than that contained in this offering memorandum. We, and the initial purchasers, take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the initial purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum, regardless of time of delivery or any sale of the Notes. Our business, financial condition and prospects may change after the date on the front cover of this offering memorandum.

We have prepared this offering memorandum solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to herein. This offering memorandum is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offering is not permitted.

Notwithstanding anything in this offering memorandum to the contrary, each prospective investor (and each employee, representative or other agent of the prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and U.S. federal income tax structure of this offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such U.S. federal income tax treatment and U.S. federal income tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and BCP Securities, LLC (the "initial purchasers") make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the initial purchasers as to the past or future. We have furnished the information contained in this offering memorandum.

Neither the Securities and Exchange Commission ("SEC"), any state securities commission nor any other regulatory authority has approved or disapproved the securities described in this offering memorandum, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction pursuant to registration or exemption from registration. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "Plan of Distribution" and "Notice to Investors."

In making any investment decision, prospective investors must rely on their own examination of us and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

This offering memorandum contains summaries believed to be accurate with respect to certain documents but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "Plan of Distribution" and "Book-Entry, Delivery and Form."

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any of its contents.

ENFORCEMENT OF CIVIL LIABILITIES

We are a company limited by shares organized under the laws of the British Virgin Islands, and our subsidiaries are organized under the laws of several different jurisdictions. It may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon the civil liability provisions of the U.S. securities laws. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. securities laws. We have also been advised by our British Virgin Islands counsel, Hunte & Co., that the United States and the British Virgin Islands do not have a treaty or statutory regime providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. However, we are advised that a final and conclusive monetary judgment for a definite sum against a British Virgin Islands company by a competent court in the United States (federal or state court) may be enforced as a debt at common law so that no retrial of the issues would be necessary provided that: (a) the relevant United States court had jurisdiction in the matter and the British Virgin Islands company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; (b) the judgment given by the relevant United States court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations; (c) the judgment was not procured by fraud; (d) recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy; and (e) the proceedings pursuant to which the judgment was obtained were not contrary to natural justice.

A judgment by a federal or state court of the United States against us will be regarded by a British Virgin Islands court only as evidence of the outcome of the dispute to which such judgment relates, and a British Virgin Islands court may choose to rehear the dispute. This may also be the case in jurisdictions where certain of the Guarantors are organized. Uncertainty exists as to whether courts in the British Virgin Islands or in the jurisdictions of certain Guarantors will enforce judgments obtained in other jurisdictions (including the United States) against us or our directors or officers under the securities laws of those jurisdictions or entertain actions in the British Virgin Islands or such jurisdictions against us or our directors or officers under the securities laws of other jurisdictions. See "Risk Factors—Risks Relating to Our Debt and The Notes—The ability of investors to enforce all liabilities under U.S. securities laws may be limited."

ADDITIONAL INFORMATION

While any Notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of Notes the information required pursuant to Rule 144(A)(d)(4)(i) under the U.S. Securities Act, during any period in which we are not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Securities Exchange Act"), or are included in the list of foreign private issuers that claim exemption from the registration requirements of Section 12(g) of the U.S. Securities Exchange Act (and therefore are required to furnish to the SEC certain information pursuant to Rule 12g-3 through 29(b)) under the U.S. Securities Exchange Act.

FORWARD-LOOKING STATEMENTS

Certain of the statements made in this offering memorandum may be considered to be "forward looking statements" as that term is defined in the U.S. Private Securities Litigation Reform Act of 1995, such as statements that include the words "expect", "estimate", "believe", "project", "anticipate", "should", "intend", "probability", "risk", "may", "target", "goal", "objective" and similar expressions and variations on such expressions. These statements appear in a number of places throughout the document, including, without limitation, in "Risk Factors", "Use of Proceeds", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". These statements concern, among other things, the following:

- strategies;
- outlooks and growth prospects;
- future plans;
- trends affecting our financial condition or results of operations;
- liquidity, capital resources and capital expenditure;
- the use of proceeds from the offering;
- growth in demand for our products;
- economic outlook and industry trends;
- development of our markets;
- possible renewal of licenses;
- competition in areas of our business; and
- plans to launch new products and services.

These forward-looking statements are based on our current expectations and are subject to a number of risks, uncertainties and assumptions. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include the following:

- general economic conditions, government and regulatory policies and business conditions in the markets in which we operate;
- factors affecting our customers and markets in which we operate, including changes in consumer spending habits or preferences;
- changes in government policy and legislation;
- our access to financing and other sources of capital, including changes in interest rates, credit availability and ratings;
- changes in value of foreign currencies against the U.S. dollar;
- changes in our relationships with customers and suppliers;
- rapid changes in technology rendering our business model obsolete;

- competitive forces, including, but not limited to, price pressures, technological developments such as the growing internet retail industry and our ability to retain market share in the face of competition from existing and new market entrants;
- our ability to hire, develop and retain talented employees;
- our ability to enter new markets and integrate newly-acquired businesses;
- the success of our key information systems projects;
- our ability to enhance or expand our retail network;
- the magnitude and timing of our capital expenditures;
- our inventory management proficiency;
- legal proceedings and claims involving us;
- changes in the political climate in any of the countries where we operate;
- our inability to renew any of our leases; and
- other factors discussed under "Risk Factors."

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof, including, without limitation, changes in our business or acquisition strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

Please note that we provide a cautionary discussion of risks and uncertainties under "Risk Factors" of this offering memorandum. These are factors that we believe could cause our actual results to differ materially from expected results. Other factors besides those listed herein could also adversely affect us.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Our financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), which differ in certain significant respects from accounting principles generally accepted in the United States ("U.S. GAAP"). Our fiscal year ends on March 31, and references in this offering memorandum to any specific fiscal year are to the twelve-month period ended March 31 of such year.

Unless the context otherwise requires, the terms "Unicomer Group", the "Company", "we", "us" and "our" refers to Grupo Unicomer Co. Ltd., a company limited by shares organized under the laws of the British Virgin Islands, and all of Unicomer Group's direct and indirect subsidiaries. The term "Issuer" refers only to Grupo Unicomer Co. Ltd. and not its subsidiaries. See "Group Structure" for a description of Unicomer Group's organizational structure. The term "Milady Group" means the affiliated group of companies, including the Company, under the common control of Milady Associates Ltd.

Currency Information

We publish our financial statements in U.S. dollars. Unless otherwise specified, references in this offering memorandum to "U.S. dollars," "$" or "US$" are to United States dollars, the legal currency of the United States.

Since 2000, the functional currency and official monetary unit of Ecuador is the U.S. dollar. Since 2001, the U.S. dollar is also the functional currency and official monetary unit of El Salvador. Since 2011, the U.S. dollar is the functional currency and official monetary unit of Bonaire. The "Córdoba" is the functional currency and official monetary unit of Nicaragua and, since 1993, has been adjusted against the U.S. dollar using a crawling peg exchange rate regime. The "Lempira" is the functional currency and official monetary unit of Honduras. In 1994, the Central Bank of Honduras (*Banco Central de Honduras*) established an auction system regulation, where U.S. dollar purchases are conducted within a band ranging from 7.0% above to 7.0% below the base price established every five days. The "Quetzal" is the functional currency and official monetary unit of Guatemala and is valued using a floating exchange rate regime in no way pegged to the U.S. dollar. The "Colon" is the functional currency and official monetary unit of Costa Rica and, since 2015, is valued using a floating exchange rate regime in no way pegged to the U.S. dollar. The "Peso Oro" is the functional currency and official monetary unit of Dominican Republic and is valued under a managed float scheme. The "Guaraní" is the functional currency and official monetary unit of Paraguay and, since 1995, is valued using a floating exchange rate regime in no way pegged to the U.S. dollar. The "Eastern Caribbean Dollar" is the functional currency and official monetary unit of the Organization of Eastern Caribbean States, or "OECS," and, since 1976 has been pegged to the U.S. dollar at a rate of 2.7 Eastern Caribbean Dollars to 1 U.S. dollar. The "Barbadian Dollar" is the functional currency and official monetary unit of Barbados and, since 1975, has been pegged to the U.S. dollar at a rate of 2 Barbadian dollars to 1 U.S. dollar. The "Bermudian Dollar" is the functional currency and official monetary unit of Bermuda and, since 1972, has been pegged to the U.S. dollar at a rate of 1 Bermudian dollar to 1 U.S. dollar. The "Belize Dollar" is the functional currency and official monetary unit of Belize and as of 1978, has been pegged to the U.S. dollar at a rate of 2 Belize Dollars to 1 U.S. dollar. The "Guyanese Dollar" is the functional currency and official monetary unit of Guyana and is valued using a floating exchange rate regime in no way pegged to the U.S. dollar. The "Jamaican Dollar" is the functional currency and official monetary unit of Jamaica and is valued using a floating exchange rate scheme. The "Trinidad & Tobago Dollar" is the functional currency and official monetary unit of Trinidad & Tobago and is pegged to the U.S. dollar at a fluctuating rate of approximately 6 Trinidad & Tobago Dollars to 1 U.S. dollar. The "Aruban Florin" is the functional currency and monetary unit of Aruba and since 1986 is pegged to the U.S. dollar at a rate of 1.79 Aruban Florins to 1 U.S. dollar. The "Antillean Guilder" is the functional currency and monetary unit of Curaçao and St. Maarten and, since 1971, is pegged to the U.S. dollar at a rate of 1.79 Antillean Guilders to 1 U.S. dollar. The U.S. dollar is the functional currency and official monetary unit of Panama since 1904.

Country Information

References to the "United States" or to the "U.S." are to the United States of America.

Unless otherwise specified herein or the context otherwise requires, references in this offering memorandum to "Central America" are to the region formed by the countries of Panama, El Salvador, Guatemala, Honduras, Nicaragua and Costa Rica. References to "our Latin American market" are to the region formed by the countries of

El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica, Dominican Republic, Ecuador and Paraguay, which are all the countries where we have regional operations in Latin America. References to "Nicaragua" are to the Republic of Nicaragua; references to "Honduras" are to the Republic of Honduras; references to "Guatemala" are to the Republic of Guatemala; references to "El Salvador" are to the Republic of El Salvador; references to "Costa Rica" are to the Republic of Costa Rica; references to "Dominican Repubic" are to the Dominican Republic; references to "Ecuador" are to the Republic of Ecuador; references to "Paraguay" are to the Republic of Paraguay.

Unless otherwise specified herein or the context otherwise requires, references in this offering memorandum to the "Caribbean" are to the region formed by the countries of Aruba, Anguilla, Bahamas, Bonaire, Cuba, Curaçao, Haiti, Montserrat, Surinam, St. Maarten, Turks and Caicos Islands, Antigua and Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines and Trinidad & Tobago. References to "our Caribbean market" are to the region formed by the countries of Aruba, Antigua and Barbuda, Barbados, Belize, Bonaire, Curaçao, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, St. Maarten and Trinidad & Tobago, which are all the countries where we have regional operations in the Caribbean. References to "Antigua" are to Antigua and Barbuda; references to "Dominica" are to the Commonwealth of Dominica; references to "Guyana" are to the Co-operative Republic of Guyana; references to "St. Kitts & Nevis" are to the Federation of Saint Christopher and Nevis; references to "St. Lucia" are to Saint Lucia; references to "St. Vincent" are to Saint Vincent and the Grenadines; references to "Trinidad & Tobago" or "Trinidad" are to the Republic of Trinidad and Tobago; references to "Aruba" are to the constituent country of Aruba within the Kingdom of the Netherlands; references to "Curaçao" are to the constituent country of Curaçao within the Kingdom of the Netherlands; references to "St. Maarten" are to the constituent country of St. Maarten within the Kingdom of the Netherlands; references to "Bonaire" are to the special municipality of Bonaire within the Kingdom of the Netherlands.

Unless otherwise specified herein or the context otherwise requires, references in this offering memorandum to the "OECS" are to the Organization of Eastern Caribbean States and to the region formed by the countries of Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia and St. Vincent and the Grenadines. References to "our OECS market" are to the region formed by the countries of Antigua and Barbuda, Dominica, Grenada, St. Kitts & Nevis, St. Lucia and St. Vincent and the Grenadines.

The map below shows all of the countries in which we currently operate.

Notices

Notice to holders of the Notes will be given by mail to the addresses of such holders as they appear in the security register.

Market Segment Classification

Throughout this offering memorandum we classify our market segments according to the following criteria:

Segment Classifications		Criteria
Upper-Income	A/B	Households with an approximate monthly income of $7,500 and above.
		Checking account and more than two credit cards per household.
		Households with more than two televisions and a computer.
		Two or more luxury cars and two phone lines per household.
Upper-Middle-Income	C+	Households with an approximate monthly income between $4,500 and $7,500.
		One or two credit cards per household.
		Households with two to three bedrooms and two to three bathrooms.
		One or two luxury cars, two phone lines, and in some cases, a computer.
Middle-Income	C/C-	Households with an approximate monthly income between $1,500 and $4,500.
		In some cases, a credit card.
		Homes with two bedrooms and a bathroom.
		A standard car, one telephone line and two televisions and a radio receptor per household.
Lower-Middle-Income	D+	Households with an approximate monthly income between $600 and $1,500.
		No credit cards.
		Homes with two rooms and a bathroom.
		One phone line, a television and a radio per household. No car.
Low-Income	D/D-	Households with an approximate monthly income between $200 and $600.
		No credit cards.
		Homes with one room and a bathroom.
		No phone line. One television and a radio per household.
Lowest-Income	E	Households with an approximate monthly income lower than $200.
		Small, single-family house or multi-family condominium.
		In most cases, no sewage services.
		One television or radio per household.

Our market segment classifications listed above are based on our experience and internal analysis of customers in the markets in which we operate. These classifications are used by us as general guidelines and may not be determinative in all cases. Nonetheless, we believe these market segment classifications to be useful in describing our target markets generally.

INDUSTRY AND MARKET INFORMATION

Unless otherwise indicated, market data and other statistical information contained in this offering memorandum are based upon information from independent industry publications, our knowledge of and experience in the industry and markets in which we operate and our own estimates. While we believe such data and information to be reasonable, we have not independently verified this data and information. Moreover, market data and other statistical information are subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, methodology and information. In addition, variables, including consumer consumption, discretionary spending patterns and consumer preferences, can and do change. As a result, you should be aware that market, ranking and other similar data and information set forth in this offering memorandum, and estimates and beliefs based on such data and information, may not be reliable.

All brand names, trademarks and service marks appearing in this offering memorandum are the exclusive property of their respective owners. This offering memorandum contains registered trademarks owned by other companies and licensed to us, and no such other company is participating in or endorsing this offering and shall not in any way be deemed an issuer or underwriter of the securities issued under this offering memorandum, and shall not have any liability or responsibility for any financial statements, projections or other financial information contained in this offering memorandum.

SUMMARY

You should read the following summary together with the more detailed business information and consolidated financial statements and related notes that appear elsewhere in this offering memorandum. This offering memorandum may contain certain "forward-looking" information within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. This information involves risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Risk Factors." See "Selected Financial and Operating Data" for information regarding our financial statements.

Overview

We are a leading retailer of durable consumer goods, including home appliances, consumer electronics, furniture, motorcycles, mobile devices, computer equipment and optical wear in our Latin American and our Caribbean markets, fulfilling families' different purchasing needs. In these markets, which we refer to as our established markets, we have achieved a market share of 20% or more in each of the countries where we operate, except in Ecuador, Paraguay, Dominican Republic, Curaçao, Bonaire, St. Maarten and the United States. We target the middle- and lower-middle-income segments of the Latin American and Caribbean populations in the countries where we operate and the Hispanic and Caribbean population in Texas and New York.

We are owned 50% by Infotech of The Caribbean and Central America Corp. (which is 100% controlled by Milady Associates Ltd.) and 50% by Gromeron, SLU (which is 100% controlled by El Puerto de Liverpool S.A.B. de C.V. ("Liverpool"), a leading Mexican retailer). Through a shareholders' agreement, Infotech of The Caribbean and Central America Corp. has control of our operations. Our shareholders boast extensive expertise, with a successful history that dates back to the 1850s.

As of December 31, 2016, we served customers in 24 countries throughout Latin America and the Caribbean and operated 1,061 stores with more than 4.2 million square feet of retail space under various brands. Our current business structure is the result of four large-scale acquisitions as well as organic expansion throughout our 17 years of existence. We believe that we have strong, highly-recognized store brands—some with presence since the 1950s—that are associated with a comprehensive product portfolio, low prices, personalized customer service and convenient consumer financing programs.

We strive to integrate our operations so that we can function as one seamless company across the 24 countries in which we operate. Our retail and back-office operations are centralized for all of our countries so that we can manage operations and monitor store, chain and country performance efficiently. In addition, management shares best practices in-country, within each region and across regions. We have focused on strengthening our organizational capabilities in order to respond to the challenges of serving the demands of international markets and have based our business objectives on four strategic pillars: (i) profitable and sustainable growth, (ii) operational excellence, (iii) talent development, and (iv) customer-centered organization. These pillars ensure alignment throughout our organization and maximize synergies across our operations. Following the accelerated growth we have experienced in the last two years, we are in the process of consolidating our corporate governance practices in order to ensure that our business model functions seamlessly throughout our operations.

Our integrated business model includes sales of goods, consumer finance, extended warranties, credit protection insurance and post-sale repair services. The positive cash flows that result from our operations enable us to provide financing to customers through our profitable in-house credit division. Through our in-house credit operations, we financed 57.1% of our customer sales for the nine months ended December 31, 2016. We have more than 1,457,000 active clients in our credit portfolio and have, in many cases, long-standing credit relationships with customers that span several generations. Our target customers are in the segment of the population that typically has had little or no access to consumer credit, and our installment sales program responds to these customers' needs with a wide variety of payment alternatives. Our long history and experience with clients in our established markets, combined with our customer service operations, allow us to manage our credit portfolio effectively by mitigating credit risk even during economic downturns, political turmoil or natural disasters. Non-performing loans, defined as the loan balances of

accounts with an installment past due more than 90 days of delinquency, and which include both credit sales and cash loans portfolios, represented 6.9% of our overall portfolio as of December 31, 2016.

Our total revenues were $1,244.4 million for the nine months ended December 31, 2016, and $1,181.7 million for the nine months ended December 31, 2015. Our Adjusted EBITDA totaled $156.1 million for the nine months ended December 31, 2016, and $140.6 million for the nine months ended December 31, 2015. Our profit totaled $64.4 million for the nine months ended December 31, 2016, and $58.3 million for the nine months ended December 31, 2015.

The following table shows certain of our financial and operating data for the nine months ended December 31, 2016 and 2015 and for the fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012.

	As of and for the nine months ended December 31,		As of and for the fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
Number of retail stores	1,061	977	992	901	840	790	605
Total revenues (millions of US$)	1,244.4	1,181.7	1,507.4	1,453.1	1,431.6	1,203.1	861.3
Total retail area (sq. ft.)	4,229,977	4,110,001	4,096,931	3,966,523	3,809,974	3,525,100	2,529,502
Total store area (sq. ft.)	4,204,425	4,093,804	4,077,267	3,958,713	3,809,974	3,525,100	2,529,502
Total revenues per retail area (US$/sq. ft.)	294	288	368	366	376	341	341
Total revenues per average retail area (US$/sq. ft.)	298	288	374	368	390	397	366
Product sales per average store area (US$/sq. ft.) (1)	208	202	256	267	283	287	260
Same-store sales growth (percentage)	(0.2%)	(0.6%)	(1.2%)	(4.4%)	2.3%	2.3%	9.0%
Profit for the period (millions of US$)	64.4	58.3	74.4	73.7	67.0	70.1	59.2
Adjusted EBITDA (millions of US$) (2)	156.1	140.6	180.7	175.5	174.1	162.9	123.6
Adjusted EBITDA margin (percentage) (3)	12.5%	11.9%	12.0%	12.1%	12.2%	13.5%	14.3%

(1) Product sales (excluding extended warranties) per average square foot. Average store area excludes La Curacao Cash area.

(2) Adjusted EBITDA is not a U.S. GAAP or IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to operating income as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of Adjusted EBITDA may not be comparable to Adjusted EBITDA as used by other companies. Adjusted EBITDA as such term is used in this offering memorandum consists of adding back to profit for the period, the income tax, financial expenses, foreign exchange loss net, depreciation, amortization and impairment of property and goodwill if any and deducting finance income of the period.

(3) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenues.

An efficient supply chain process, strong commercial orientation, general and administrative expense control and effective management of our credit portfolio have historically generated a steady flow of cash, which has supported strong levels of revenue growth. Our growth in revenues was 3.7%, 1.5% and 19.0% for the fiscal years ended March 31, 2016, 2015 and 2014, respectively, and 5.3% for the nine months ended December 31, 2016 as compared to the nine months ended December 31, 2015.

Retail Formats

For the nine months ended December 31, 2016, 64.5% of our consolidated total revenues were generated in our Latin American markets, where we operate through the following brands: AKT, Almacenes Tropigas, Artefacta, Baratodo, Electrofácil, Gollo, Gollo Opticas, La Curacao, La Curacao Cash, Opticas La Curacao, RadioShack and TropiMotors. We also have a discount store brand, Loco Luis, with a few locations in each country selling repossessed and damaged stock. We also operate Servitotal, which offers after-sales services.

For the nine months ended December 31, 2016, 34.9% of our consolidated total revenues were generated in our Caribbean market. Our Caribbean operations consist of several retail chains, among which Courts predominates as the market leader in the region with 87 stores located throughout 11 countries. Since 2007, we operate the Lucky Dollar chain in Jamaica, Guyana and Trinidad and the Almacenes Tropigas store chain in Belize. Lucky Dollar and Almacenes Tropigas stores target a lower income segment of the market, which had not been previously targeted by Courts.

The remaining 0.6% of our consolidated total revenues for the nine months ended December 31, 2016 was generated in the United States, where we operate five stores targeted to the niche market of the immigrant population, both for local sales and for delivery in our Caribbean and Latin American markets. In Houston, Texas, we operate three stores under the Unicomer brand, and in New York City (Queens and Brooklyn) we operate the other two stores under the Courts Caribbean brand. All of our stores in the United States maintain a Latin and Caribbean feel, are located in neighborhoods with high Latino and Caribbean expatriate populations and have staff that is fully bilingual in Spanish and English. The range of products we offer in our United States stores broadly replicates what is available in our stores in Latin America and the Caribbean.

Our stores sell a complete range of products within all major consumer product categories, including household appliances, consumer electronics, computer equipment, mobile devices, home furniture, bedding, motorcycles, exercise equipment, and optical wear. Our electronics and household product range includes premium world brands like Sony, Panasonic, Samsung, LG, Whirlpool, Frigidaire, General Electric, as well as a mixture of entry-level brands. Our furniture product selection aims to appeal to mass-market consumers and includes a combination of local, private label and international products that are well known in the market. Examples include Ashley Furniture and Sauder (a significant percentage of our international products are purchased from Mexico, the United States and Asia) as well as a successful line of bedding that includes international brands such as Serta, Simmons and King Koil. These brands are also complemented by our own private and local brands. Sales of our private label products accounted for 19.1% of our total sales for the year ended March 31, 2016, including exclusive distribution of the TCL® brand.

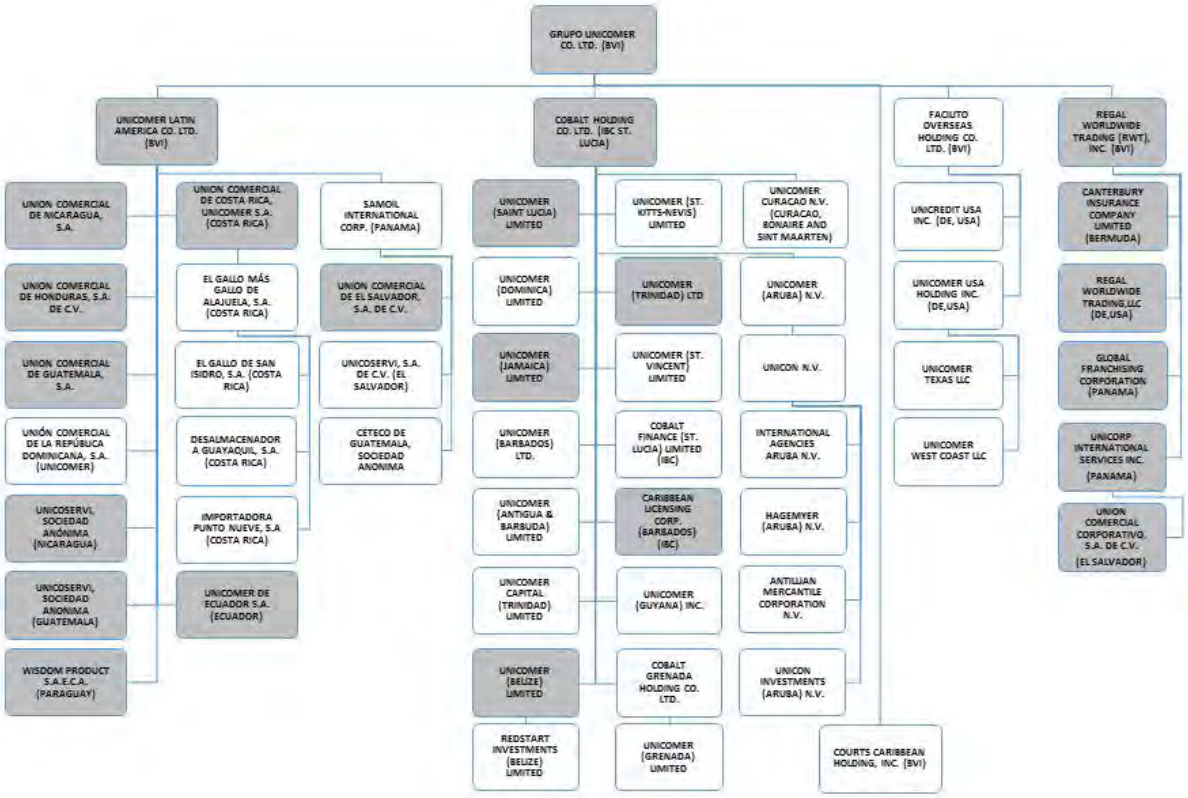
Given our product mix of high-ticket items and our focus on middle- and lower-middle-income segments, our comprehensive value offer has always included the availability of consumer financing, which includes credit sales, cash loans and credit protection insurance. We offer flexible, affordable and easy-to-obtain credit plans. The credit plans are characterized by low monthly installments, competitive differentiated interest rates, zero-down offers, fast approval, no additional charges (except for past-due fees) and the ability to pay at any of the chain's local stores. Established customers with good credit also qualify for special credit plans including lower rates and can obtain cash loans for their personal needs. We believe that this combination of financial services enhances the consumer experience and complements our retail business by reinforcing our long-term relationship with our consumers. We also offer extended warranty programs that prolong the manufacturer's warranty for up to five years and cover additional incidents, at an additional cost.

Our Corporate Structure

We are a holding company, and we have four subsidiary sub-holding companies:

- Unicomer Latin America Co. Ltd., a British Virgin Islands company ("ULA"), is a holding company for all of our operations in Central American, Ecuador and Dominican Republic;
- Cobalt Holding Co. Ltd., a British Virgin Islands company ("Cobalt"), is a holding company for all of our operations in our Caribbean market;
- Facilito Overseas Holding Co. Ltd., a British Virgin Islands company ("Facilito Overseas"), is a holding company for all of our United States operations; and
- Regal Worldwide Trading Inc., a British Virgin Islands company ("RWT"), is the holding company of a Delaware entity that conducts all of our purchasing transactions and a regulated Bermuda based insurance company ("Canterbury").

The diagram below shows our organizational structure, including Unicomer Group's principal subsidiaries (Unicomer West Coast LLC and Cobalt Finance (St. Lucia) Ltd. (IBC) are inactive). Each of Unicomer Group's subsidiaries is wholly-owned by its parent company, except where the laws of the jurisdictions of incorporation require such entity to have more than one shareholder. In such cases, we have designated nominees to hold the minimum number of equity interests necessary to satisfy such legal requirement.



* Shading indicates guarantors.

Our Competitive Strengths

We believe our business has the following competitive strengths:

Strong market position and long-term growth potential

We believe that we are well positioned for growth in each of the countries where we operate. We primarily target middle to lower-middle income segments of the population, which represent a majority of the population in each of those countries. We cater to a broad range of customers and target varied segments of the population through our various brands. The countries in which we operate have recently experienced demographic trends, such as grown children moving out of their parents' homes at an earlier age. These changes have led to a greater number of households, which in turn has led to an increasing demand for consumer products. At the same time, our target customers have increasing purchasing power and stability as a result of macroeconomic growth and general institutional consolidation in the countries where we operate. As our customers' financial condition improves and their discretionary income increases, we expect increased penetration of certain products, such as washing machines, dryers and hand-held devices, as well as upgrades in appliances and flat-screen televisions.

We believe there are still significant opportunities for growth within our existing markets, such as Costa Rica, Ecuador, Nicaragua, Dominican Republic, Paraguay, the United States, Trinidad and Guyana, through increased penetration among several of our product lines. We also believe we are well prepared to tap significant new

opportunities in markets where we do not currently operate in Latin America, in addition to non-English speaking markets in the Caribbean. Since the formation of the Unicomer Group in 2000, we have successfully executed and integrated new acquisitions and also expanded through organic growth, including the creation of new store brands. From September 2000 to March 31, 2016, we have recorded a compound annual growth rate (CAGR) of 11.5% of organic growth in merchandise sales and 13.9% of growth in merchandise sales through acquisitions. We continuously seek out and explore new opportunities for growth.

Geographic and product diversification

Although we primarily operate in emerging markets, some of which are subject to greater economic and political instability than developed markets, we benefit from significant geographical diversification: we are a retailer of durable consumer goods with retail operations in 24 countries across Latin America, the Caribbean and the states of Texas and New York in the United States, with Costa Rica, our largest country operation, represents 20.8% of our consolidated revenues and 16.2% of our total Adjusted EBITDA as of the nine months ended December 31, 2016. All of the countries in which we operate have the United States as a major economic partner, but each interacts with the United States' economy in a different way and relies on different sectors of United States' economic activity for its economic success. Some countries in which we operate are heavy oil importers, others less so. Ecuador is an oil exporter and Trinidad & Tobago is an oil and natural gas exporter. Other countries depend heavily on agriculture, remittances, tourism and mining, among others. Some have adopted the U.S. dollar as their own currency, others manage their currency carefully against the U.S. dollar, while others let their currency float freely against the U.S. dollar. We believe this diversification is an important strength of our operations, as it allows us to stabilize our financial results while operating in markets that are generally considered to be less predictable than those of more established economies.

In addition to our geographic diversification, we offer a wide range of products within all major consumer products categories, including household appliances, consumer electronics, computer equipment, mobile devices, home furniture, bedding, motorcycles, exercise equipment, and optical wear. Our electronics and household product range includes premium world brands like Sony, Panasonic, Samsung, LG, Whirlpool, Frigidaire, General Electric, as well as a mixture of entry-level brands. In addition to retail sales, our various business lines, such as extended warranties, consumer finance and insurance all contribute to our revenues, which allows us to stabilize our profits.

Well-established player in countries with high barriers to entry

Our large network of stores and distribution centers throughout Latin America and the Caribbean provides an extensive distribution channel through which we can launch new products and services to our target market. Moreover, our established retail store and distribution infrastructure, in particular the location and geographic coverage of our stores and distribution centers, allows us to continue our expansion plans efficiently and gives us a significant advantage over existing and new competitors. As of March 31, 2016, we have achieved a market share of more than 40% in 11 of the countries in which we operate and 20% or more in an additional six countries.

We offer a broad assortment of well-recognized brands, low prices, personalized customer service and convenient consumer finance programs, which we believe have strengthened our customer loyalty. We trust our stores have strong brand recognition, particularly in the middle- and lower-middle-income segments, which we continually reinforce through an aggressive multi-media advertising program throughout the countries where we operate. In addition, we consider that our strong market position in the retail industry in our Latin American and Caribbean markets has enhanced our ability to negotiate better prices with our suppliers.

We believe there are significant barriers to entry into our business. In addition to capital costs, doing business in the countries where we operate requires specialized knowledge of the local market. Moreover, in most of our Caribbean markets, obtaining viable and available premium commercial space would be challenging, if not impossible, for new market entrants. Since our formation and through relationships established over the years by our original and recently acquired chains, we have established long-standing credit relationships with customers that span several generations. In our view, it would be difficult for any new competitor to achieve our level of competency, market position, market penetration and brand awareness in the near future.

Efficient operations infrastructure

We have an efficient and well-managed operations infrastructure, including retail, consumer finance and back office operations. Our existing infrastructure enables us to offer new products and services and ensure excellent standardized service for our customers. We have a centralized international purchasing system through Regal Worldwide Trading (BVI) which completes purchasing transactions for Unicomer Group. We believe that centralized purchasing through RWT gives us better bargaining power with our suppliers, more favorable credit terms and minimizes our transactions processes and logistics costs.

In May 2010, we established our Shared Services Center (SSC) with the principal objective of improving financial and accounting controls. Once fully developed, we expect the SSC to lower our costs per transaction by driving efficiencies and implementing various cost-cutting strategies across multiple lines of business and regions. Until fully implemented across all regions and countries, our SSC will continue to show some elevated costs in operating expenditures until economies of scales can be achieved; however, our SSC has been able to increase productivity (transactions per full-time employee) from the fiscal year ended March 31, 2013 to the fiscal year ended March 31, 2016. Once we finalize the OCR scanning software implementation, we expect to further increase productivity.

Proven track record in consumer financing

One of our competitive advantages is the opportunity we provide for flexible, affordable and easy-to-obtain credit plans, particularly to customers in the segment of the population that typically has had little or no access to consumer credit. The credit plans are characterized by low monthly installments, competitive differentiated interest rates, zero-down offers, fast approval, no additional charges (except for past-due fees) and the ability to pay at any of the chain's local stores. Established customers with good credit also qualify for special credit plans, such as lower rates, and can obtain cash loans for their personal needs. Our consumer finance operations include credit sales, cash loans and credit protection insurance. See "—Consumer Finance Business." We believe that this combination of financial services enhances consumer experience and complements our retail business by reinforcing our long-term relationship with our consumers.

At the same time, we maintain prudent risk management and credit evaluation policies and procedures to ensure the quality of our credit portfolio. Our credit portfolio is managed in-house using a combination of purchased technology and proprietary software, adapted as necessary to our operating environments. This allows us to maintain a thorough customer database, which also enables us to inform customers of new products and special promotions. Non-performing loans, defined as the loan balances of accounts with an installment past due more than 90 days of delinquency, and which include both credit sales and cash loans portfolios, represented 6.9% of our overall portfolio as of December 31, 2016. Combined with our in-depth knowledge of the retail industry, we believe that our extensive experience with risk management and consumer financing represents a competitive advantage.

Strong and experienced management team and committed shareholder base

Our senior management team, which is led by Mr. Mario Siman, our chairman and CEO, has an average of 23 years of retail industry experience. Four members of Milady Associates Ltd., all of whom have worked in retail companies, serve on our board of directors, and three members serve on our senior management team.

Senior management has successfully fostered a work culture based on teamwork and focused on continuous improvement and commercial innovation. We hire, promote and compensate management based upon defined evaluation criteria that we believe create strong performance incentives. As part of those incentives, we make a significant proportion of management compensation dependent on the individual performance of the manager, as well as business unit financial performance. We believe that our goal-oriented culture and incentive programs have contributed to the development of a motivated and well-aligned executive team that is dedicated to serving our customers' needs and ensuring the sustainability of our business.

We also benefit from the support and experience of our shareholder base, including the Milady Group and Liverpool. The Milady Group has been in the retail industry since 1921 and today is one of the largest department

store operators in the Central American region. Liverpool is a leading Mexican retailer that has been in the industry since 1847 and currently has 122 department stores, 25 shopping malls and 88 specialized boutiques in Mexico. With Liverpool as our partner since 2010, we have been able to focus on executing a "One Company" strategy to integrate all of our operations, working to reinforce the human resources, business process and technology areas, while at the same time continue growing organically and venturing into other countries through acquisition opportunities in Latin America.

Our Strategy

We seek to further expand our sales and boost our profitability by capitalizing on our position as a leading retailer of durable consumer goods in our established markets and by leveraging our distribution network and customer base to offer new products and services. Despite our presence in various countries, we work seamlessly as a single company, focusing on the same objectives and implementing best practices consistently throughout the organization.

Our strategic pillars act as the framework for our common objectives. Key elements of our strategy include the following:

Continue to focus on profitability and growth

We intend to continue to capitalize on the benefits of our extensive store network in our established markets to introduce new products and services such as consumer loans, credit cards, current accounts and credit plans increasingly tailored to the characteristics of our customers. We plan to develop products and services that we believe will best leverage our current retail and consumer finance competencies, while providing benefits to customers and increasing traffic to our stores. We also plan to continue to emphasize installment sales to increase the number of potential customers and the purchasing power of our existing customers. We are considering new financial products that will allow us to leverage our customer base, our store network and our consumer finance competencies. Additionally, we intend to cross-sell our financial products among our different brands to increase growth and revenue generation.

Our cash flow from operations, which for the past two fiscal years has been strong and stable, enables us to fund our acquisitions while maintaining a stable debt profile. We plan to continue growing both in our existing markets as well as in new markets. We will continue to evaluate opportunities to acquire complementary retail operations in our existing markets and in new markets. We plan to further expand our current brands in our established markets in both Latin America and the Caribbean.

Create greater efficiencies through operational excellence

We intend to fully standardize our operating procedures and take steps to decrease overhead costs, create economies of scale and maximize purchasing power with suppliers, through preferred pricing arrangements and other policies. We also intend to achieve greater efficiency in our operations and increase revenue by taking the following steps:

- *Investing in Technology.* We will continue to develop information and merchandise management systems that will allow us to manage our high-volume operations even more efficiently and take full advantage of the communications network linking most of our stores. We intend to continue to integrate our information technology systems among all our brands for accounting, finance and budgeting to further strengthen cost saving logistics and operational efficiencies. In particular, we will continue to seek greater integration of and efficiency in our most recent acquisitions.

- *Improving Logistics.* We intend to expand our distribution centers to facilitate future growth and further reduce lead time to promote efficient movement of merchandise from suppliers to retail outlets and decrease stock-outs of inventory during peak periods.

Continue to invest in our employees

We firmly believe that our workforce is an essential element in the future success of our business. We will continue to emphasize the contributions of the individual performances of our managers while providing them with training and development opportunities within our organization. We will also continue to motivate our managers and employees with cash bonuses, public recognition of employee efforts and other incentive programs.

Continue to improve customer experience

Without jeopardizing our current levels of profitability, we intend to continue to provide and improve levels of customer service. We intend to grow our customer base by attracting younger consumers with affordable products and providing after-sale customer service support to retain their loyalty as they mature, their preferences change and incomes rise. In addition to providing credit to support the purchasing habits of our target market, we have developed loyalty programs to encourage future use of such services.

We also plan to expand our store formats to appeal to our increasingly diverse target market. We have re-launched our virtual store for our Latin American market and have launched our virtual store for our Caribbean market. We are also in the process of opening mega-stores in the countries where we serve larger markets.

Our Corporate Information

We are a company limited by shares organized under the laws of the British Virgin Islands. Our principal executive offices are located at Edificio Unicomer, Alameda Manuel Enrique Araujo, San Salvador, El Salvador. Our telephone number at that address is +503 2250-2000. We also operate regional offices in Trinidad, Jamaica and Miami (Florida). Our web site is located at www.unicomer.com. Information contained on, or accessible through our web sites is not incorporated by reference herein and shall not be considered part of this offering memorandum.

The Offering

The following is a brief summary of some of the terms of this offering of the Notes. For a more complete description of the terms of the Notes, see "Description of the Notes" in this offering memorandum.

Issuer	Grupo Unicomer Co. Ltd.
Notes Offered	US$350,000,000 aggregate principal amount of 7.875% Senior Notes due 2024.
Maturity Date	April 1, 2024.
Interest	7.875% per annum, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2017.
Guarantors	Unicomer Latin America Co. Ltd. Regal Worldwide Trading (RWT) Inc. Canterbury Insurance Company Ltd. Caribbean Licensing Corp. Union Comercial de Guatemala, S.A. Unicoservi, S.A. (Guatemala) Union Comercial de El Salvador, S.A. de C.V. Union Comercial de Honduras, S.A. de C.V. Union Comercial de Nicaragua, S.A. Unicoservi, S.A. (Nicaragua) Unicomer de Ecuador, S.A. Cobalt Holding Co. Ltd. Unicomer (Jamaica) Ltd. Unicomer (Trinidad) Ltd. Regal Worldwide Trading, LLC Unicomer (Belize) Ltd. Unicomer (St. Lucia) Ltd. Union Comercial de Costa Rica, Unicomer S.A. Union Comercial Corporativo, S.A. de C.V. Global Franchising Corporation Wisdom Product S.A.E.C.A. Unicorp International Services Inc.
Guarantees	The payment of principal, interest and premium, if any, on the Notes will be fully and unconditionally guaranteed on a senior unsecured basis by certain of our subsidiaries. See "Description of the Notes—Note Guarantees."
Ranking of the Notes	The Notes will: • be our general senior unsecured obligations, guaranteed by certain of our existing subsidiaries; • rank equal in right of payment with all of our and the Guarantors' existing and future unsubordinated indebtedness (subject to statutory preferences, including, without limitation, tax and labor claims) (other than certain indebtedness of our Jamaican Guarantor, which is contractually senior to the guarantee of our Jamaican Guarantor);

	• rank senior in right of payment to all of our and the Guarantors' existing and future subordinated indebtedness (subject to statutory preferences, including, without limitation, tax and labor claims); • be effectively junior to all of the obligations, including trade payables, of our subsidiaries (other than the Guarantors); and • be effectively subordinated to all of our and the Guarantors' secured indebtedness to the extent of the value of the assets securing such indebtedness. As of December 31, 2016, as adjusted to give effect to this offering and the application of proceeds as described under "Use of Proceeds": • We and our subsidiaries would have had US$789.1 million of consolidated indebtedness outstanding, US$245.0 million of which would have been secured; • We and the Guarantors would have had US$739.2 million of consolidated indebtedness outstanding, US$235.6 million of which would have been secured; • Our Jamaican Guarantor would have had US$52.3 million of indebtedness, US$52.3 million of which would be contractually senior to the guarantee of our Jamaican Guarantor; and • Our subsidiaries that are not Guarantors would have had US$49.9 million of consolidated indebtedness outstanding. Our obligations to lenders under credit agreements are secured by 19.6% of our assets. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Indebtedness" for a description of such indebtedness.) The Notes will be effectively subordinated to such indebtedness to the extent of such security interests.
Optional Redemption.....	On or after April 1, 2021, we may redeem all or part of the Notes at any time at the redemption prices set forth in "Description of the Notes—Optional Redemption", plus accrued and unpaid interest to but excluding the date of redemption. Prior to April 1, 2021, we may redeem the Notes in whole or in part, by paying the principal amount of the Notes, plus the applicable "make-whole" premium and accrued and unpaid interest to but excluding the date of redemption. See "Description of the Notes–Optional Redemption."
Optional Redemption Upon Equity Offering.....	We may, at our option, at any time on or prior to April 1, 2021, use the net cash proceeds of certain equity offerings to redeem in the aggregate up to 35% of the aggregate principal

	amount of the Notes, including any additional notes we may issue in the future under the indenture, at a redemption price equal to 107.875% of the principal amount thereof plus accrued and unpaid interest to the date of redemption, *provided*, that: • After giving effect to any such redemption at least 65% of the aggregate principal amount of the Notes (including any additional notes) issued under the indenture remains outstanding; and • we make such redemption not more than 60 days after the consummation of such equity offering. See "Description of the Notes—Optional Redemption."
Tax Redemption	We may redeem the Notes, in whole but not in part, at our discretion at any time at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to (but excluding) the date of redemption if (i) as a result of changes in tax laws, we or the guarantors are required to pay additional amounts in excess of the additional amounts that we or the guarantors would pay if payment in respect of the Notes were subject to deduction or withholding at a rate in effect imposed by the jurisdiction in which we or the Guarantors are organized or resident for tax purposes on the issue date, excluding any value-added taxes, determined without regard to any interest, fees, penalties or other additions to tax, and (ii) if additional amounts are payable in respect of value-added taxes or if payment of principal, premium (if any) or interest on the Notes is subject to value-added taxes and, in each case, we are not entitled to a tax credit with respect to such value-added taxes paid due to an action or event not attributable to us. See "Description of the Notes—Optional Redemption for Changes in Taxes."
Change of Control	Upon a change of control, as defined under "Description of the Notes," we will be required to make an offer to purchase the Notes then outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. We may not have sufficient funds available at the time of a change of control to repurchase the Notes.
Additional Amounts	All payments by us and the Guarantors in respect of the Notes, whether of principal, interest or premium, if any, will be made without withholding or deduction for or on account of any taxes, duties, levies, imposts, assessments or other governmental charges imposed by the jurisdiction in which we or the Guarantors are organized or resident for tax purposes or within or through which payment of the Notes is made, unless required by law, in which case, subject to specified exceptions and limitations, we and the Guarantors will pay such additional amounts as may be required so that the net amount received by the holders of the Notes in respect

	of principal, interest or premium, if any, on the Notes, after any such withholding or deduction, will not be less than the amount that would have been received in the absence of any such withholding or deduction. See "Description of the Notes—Additional Amounts."
Use of Proceeds	We intend to use the net proceeds from the sale of the Notes to repay short- and long-term loans, and the remainder, if any, for general corporate purposes. See "Use of Proceeds."
Certain Covenants	The terms and conditions of the Notes will limit the issuer's ability and the ability of restricted subsidiaries to, among other things: • incur additional indebtedness; • pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; • make investments; • create liens; • create any consensual limitation on the ability of restricted subsidiaries to pay dividends, make loans or transfer property; • engage in transactions with affiliates; • sell assets, including capital stock of the Issuer's subsidiaries; and • consolidate, merge or transfer assets. These covenants are subject to a number of important exceptions and qualifications. See "Description of the Notes."
Events of Default	For a discussion of certain events of default that will permit acceleration of the principal of the Notes plus accrued interest, see "Description of the Notes—Events of Default and Remedies."
Further Issuances	Subject to the limitation contained in the indenture, we may from time to time, without notice to or consent of the holders of the Notes, create and issue an unlimited principal amount of additional notes of the same series as the Notes offered pursuant to this offering memorandum. See "Description of the Notes—Additional Notes."
Transfer Restrictions	The Notes have not been registered under the U.S. Securities Act or any state or other securities laws, and the Notes will be subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act. See "Notice to Investors."

Book-Entry; Form and Denominations	The Notes will be issued in the form of one or more global notes without coupons, registered in the name of a nominee of The Depository Trust Company, as depositary, for the accounts of its direct and indirect participants including the Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, Luxembourg. The Notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "Description of the Notes."
Indenture	The Notes will be issued under an indenture among us, the Guarantors and The Bank of New York Mellon, as trustee.
Trustee, Paying Agent, Registrar and Transfer Agent	The Bank of New York Mellon.
Singapore Listing Agent	Colin Ng & Partners LLP.
Trading and Listing	We intend to apply to list the Notes on the Singapore Stock Exchange. We cannot assure you, however, that this application will be accepted, or if accepted, that the Notes will remain so listed. The Notes will be traded in a minimum board lot size of US$200,000 as long as the Notes are listed on the Singapore Stock Exchange. If such listing of the Notes is obtained and it subsequently becomes impracticable or unduly burdensome, in our good faith determination, to maintain, due to changes in listing requirements occurring subsequent to the date of this offering memorandum, we may de-list the Notes from the Official List of the Singapore Stock Exchange; and, in the event of any such de-listing, we will use our best efforts to obtain an alternative admission to listing, trading and/or quotation of the Notes by another listing authority, exchange or system. In these circumstances, there can be no assurance that we would be successful in obtaining such alternative admission to listing, trading and/or quotation of the Notes. For information regarding the notice requirements associated with any delisting decision, see "Description of the Notes—Notices."
Governing Law	The Notes and the indenture will be governed by, and will be construed in accordance with, the laws of the State of New York.
Risk Factors	In determining whether to make an investment in the Notes offered by this offering memorandum, prospective investors should carefully consider the matters referred to in this offering memorandum. See "Risk Factors" beginning on page 19 for a discussion of factors you should carefully consider before deciding to invest in the Notes.

Summary Consolidated Financial Information and Other Data

You should read the following summary consolidated financial information and other data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our audited consolidated financial statements and related notes included elsewhere in this offering memorandum and our unaudited interim consolidated financial statements and related notes included elsewhere in this offering memorandum. Historical results are not necessarily indicative of results for any future period.

Our financial statements have been prepared in accordance with IFRS, which differ in certain significant respects from U.S. GAAP. See "Presentation of Financial and Other Information."

The summary consolidated financial information as of and for the fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012 has been derived from our consolidated financial statements audited by KPMG, Chartered Accountants, our independent auditors. Their reports with respect to the consolidated financial statements for each of the fiscal years ended March 31, 2016, 2015 and 2014 are included elsewhere in this offering memorandum.

The summary unaudited interim consolidated information as of December 31, 2016 and for the nine months ended December 31, 2016 and 2015 has been derived from our unaudited interim consolidated financial statements. Results of operations for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

	Nine months ended December 31,		Fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
	(thousands of U.S. dollars)						
Consolidated Statement of Operations Data:							
Sales	943,957	896,307	1,120,567	1,084,862	1,073,972	896,111	648,461
Cost of goods sold	(664,420)	(643,279)	(802,882)	(781,840)	(786,882)	(650,627)	(452,461)
Gross profit on sales	279,537	253,028	317,685	303,022	287,090	245,484	196,000
Premium income (1)	13,324	13,231	17,835	22,065	19,023	18,822	16,971
Finance income earned on credit sales	287,124	272,191	369,034	346,149	338,645	288,144	195,912
Total gross profit	579,985	538,450	704,554	671,236	644,758	552,450	408,883
Distribution and selling expenses (2)	(368,264)	(354,877)	(464,965)	(439,866)	(413,266)	(329,653)	(234,280)
Administrative expenses	(81,271)	(68,970)	(86,712)	(86,391)	(85,934)	(84,669)	(69,165)
Other operating income, net	3,709	5,561	1,306	4,268	5,143	5,281	5,724
Operating profit	134,159	120,164	154,183	149,247	150,701	143,409	111,162
Gain on repurchase of PIK loans	-	-	-	-	-	–	–
Financial income	647	205	429	967	1,331	921	1,294
Financial expense	(40,956)	(35,735)	(49,398)	(51,614)	(50,137)	(38,832)	(28,826)
Financial expense – equity instrument	-	-	-	-	-	–	–
Foreign exchange (losses)/gains and other charges	(5,225)	(4,011)	(4,950)	(1,710)	(12,058)	(9,452)	(2,157)
Profit before income tax	88,625	80,623	100,264	96,890	89,837	96,046	81,473
Income tax expense	(24,186)	(22,294)	(25,854)	(23,158)	(22,821)	(25,961)	(22,259)
Profit for the period	**64,439**	**58,329**	**74,410**	**73,732**	**67,016**	**70,085**	**59,214**

(1) Premiums are calculated based upon the sum insured for consumer payment protection. Premiums or 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.

(2) Includes operating lease expenses of $49.1 million, $45.6 million, $56.2 million, $51.3 million, $47.2 million, $39.7 million and $24.7 million for the nine months ended December 31, 2016 and 2015, and for the fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012, respectively.

LTM Operating Profit

March 31, 2016	154,183
(+) December 31, 2016	134,159
(-) December 31, 2015	120,164
December 31, 2016 LTM	**168,178**
March 31, 2015	149,247
(+) December 31, 2015	120,164
(-) December 31, 2014	113,331
December 31, 2015 LTM	**156,080**

	As of December 31,	As of March 31,				
	2016	2016	2015	2014	2013	2012
		(thousands of U.S. dollars)				
Consolidated Balance Sheet Data:						
Current assets:						
Cash and cash equivalents	53,202	38,716	38,323	42,060	75,060	48,022
Short term investments, available for sale	–	–	–	–	–	6,199
Accounts receivable, net	640,485	587,529	544,789	533,799	460,424	325,241
Accounts receivable – related companies	14,833	14,883	12,001	2,325	4,993	213
Other receivables and prepayments	69,244	47,525	39,824	37,146	29,718	22,031
Inventories	282,151	231,903	230,893	212,259	202,564	159,323
Deferred policy acquisition costs	25,523	25,427	24,048	20,397	13,632	5,894
Prepaid income tax	5,269	8,826	7,324	6,893	6,551	4,502
Total current assets	1,090,707	954,809	897,202	854,879	792,942	571,425
Non-current assets:						
Accounts receivable, net	284,576	248,580	222,177	210,147	214,931	183,437
Loan receivable – related company	10,433	8,104	7,805	8,805	6,803	–
Property and equipment, net	161,744	153,580	146,014	151,617	136,775	120,492
Goodwill	72,546	73,702	60,005	59,072	62,830	21,159
Intangible assets	156,697	156,364	130,628	121,923	130,356	44,328
Retirement benefits assets	3,281	3,307	3,873	2,203	5,122	5,690
Deferred tax assets	29,829	26,222	25,910	24,320	16,318	11,539
Other assets	3,361	2,104	1,860	2,959	4,036	2,758
Total non-current assets	722,467	671,963	598,272	581,046	577,171	389,403
Total assets	**1,813,174**	**1,626,772**	**1,495,474**	**1,435,925**	**1,370,113**	**960,828**
Current liabilities:						
Bank Overdrafts, secured	39	20	–	–	–	–
Short-term borrowings	178,422	106,948	51,851	98,482	141,892	33,810
Current portion of long-term borrowings	155,124	162,143	178,857	136,231	121,666	87,214
Deposits from customers	–	–	–	–	–	–
Accounts payable	184,815	139,042	131,764	111,003	104,953	60,951
Accounts payable - related companies	2,800	8,989	3,000	2,506	1,883	3,655
Bonuses payable	1,812	2,808	3,345	5,571	2,585	1,931
Unearned premiums	72,999	66,914	66,571	63,016	49,665	31,241
Dividend payable including interest	–	–	–	–	–	–
Other accounts payable and accruals	79,072	69,892	63,904	63,381	60,131	62,315
Current income tax liabilities	16,769	19,194	19,241	15,134	16,753	14,209
Provisions for warranties	7,212	6,102	5,578	4,134	4,174	3,931
Total current liabilities	699,064	582,052	524,111	499,458	503,702	299,257
Non-current liabilities:						
Long-term borrowings	448,173	418,437	394,126	422,536	396,275	265,603
Deferred warranty income	57,209	52,041	46,953	39,360	27,731	20,403
Bonuses payable	4,809	3,020	1,370	–	1,908	787
Employee benefits obligations	10,308	10,003	9,216	8,442	5,453	4,003
Derivative liabilities	–	–	–	-	–	–
Deferred tax liabilities	14,096	13,512	15,413	17,925	18,073	14,575
Financial equity instrument	–	–	–	–	–	–
Total non-current liabilities	534,595	497,013	467,078	488,263	449,440	305,371
Total liabilities	**1,233,659**	**1,079,065**	**991,189**	**987,721**	**953,142**	**604,628**

	As of December 31,	As of March 31,				
	2016	2016	2015	2014	2013	2012
		(thousands of U.S. dollars)				
Equity:						
Share capital	181,144	181,144	181,144	181,144	181,144	181,144
Fair value reserve	–	–	–	–	–	–
Hedge reserve	–	–	–	–	(232)	(60)
Retained earnings (including statutory reserve)	479,656	434,460	379,720	322,022	267,229	197,144
Currency translation reserve	(81,285)	(67,897)	(56,579)	(54,962)	(31,170)	(22,028)
Total equity	**579,515**	**547,707**	**504,285**	**448,204**	**416,971**	**356,200**
Total liabilities and equity	**1,813,174**	**1,626,772**	**1,495,474**	**1,435,925**	**1,370,113**	**960,828**

Other Data

	As of and for the nine months ended December 31,		As of and for the fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
	(thousands of U.S. dollars, except as otherwise indicated)						
Selected Segment Financial Data:							
Segment Total Revenues:							
Operations in Latin America	802,996	766,709	989,261	966,331	963,182	762,425	445,628
Operations in the Caribbean	434,535	408,662	512,162	489,525	465,736	433,471	410,821
Operations in the United States	6,874	6,358	8,239	7,567	7,358	7,216	5,563
Total segment revenues	1,244,405	1,181,729	1,509,662	1,463,423	1,436,276	1,203,112	862,012
Unallocated operations	-	-	(2,226)	(10,347)	(4,636)	(35)	(668)
Total consolidated revenues	1,244,405	1,181,729	1,507,436	1,453,076	1,431,640	1,203,077	861,344
Segment Adjusted EBITDA (1):							
Operations in Latin America	64,273	58,909	72,400	88,707	90,070	74,485	32,732
Operations in the Caribbean	82,701	78,399	101,389	85,722	75,272	74,506	79,307
Operations in the United States	(1,143)	(921)	(855)	(652)	(1,244)	(844)	(1,181)
Total segment Adjusted EBITDA	145,831	136,387	172,934	173,777	164,098	148,147	110,858
Unallocated operations	10,224	4,251	7,795	1,767	10,015	14,757	12,770
Total consolidated Adjusted EBITDA	156,055	140,638	180,729	175,544	174,113	162,904	123,628
Other Financial Data:							
Product credit sales	491,958	482,184	598,987	626,513	656,596	568,140	377,836
Accounts receivable, net	925,061	865,783	836,109	766,966	743,946	675,355	508,678
Allowance for doubtful accounts	(60,828)	(59,510)	(62,868)	(52,537)	(41,622)	(33,639)	(25,409)
Allowance for doubtful accounts as a percentage of total accounts receivable	6.2%	6.4%	7.0%	6.4%	5.3%	4.7%	4.8%
Debtors' expense as a percentage of total accounts receivable	5.5%	5.8%	8.1%	8.7%	7.7%	5.6%	4.6%
Non-performing loans (2)	6.9%	6.6%	6.9%	6.7%	6.2%	5.1%	4.7%
Growth and Profitability Ratios:							
Total sales growth	5.3%	3.5%	3.3%	1.0%	19.8%	38.2%	25.7%
Same-store sales growth	(0.2%)	(0.6%)	(1.2%)	(4.4%)	2.3%	2.3%	9.0%
Gross margin	29.6%	28.2%	28.4%	27.9%	26.7%	27.4%	30.2%
Adjusted EBITDA margin (3)	12.5%	11.9%	12.0%	12.1%	12.2%	13.5%	14.4%
Operating profit margin	10.8%	10.2%	10.2%	10.3%	10.5%	11.9%	12.9%
Profit margin	5.2%	4.9%	4.9%	5.1%	4.7%	5.8%	6.9%
Credit Ratios:							
Total debt as percentage of total capitalization (5)	57.4%	56.2%	55.7%	55.3%	59.5%	61.3%	52.0%
Total debt to LTM operating profit (9)	4.6x	4.5x	4.5x	4.2x	4.4x	4.6x	3.5x
Net debt to LTM operating profit (11)	4.3x	4.2x	4.2x	3.9x	4.1x	4.1x	3.0x
Total Debt	781,758	695,764	687,548	624,834	657,249	659,833	386,627
LTM Adjusted EBITDA (4) (10)	196,146	183,573	180,729	175,544	174,113	162,904	123,628

	As of and for the nine months ended December 31,		As of and for the fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
	(thousands of U.S. dollars, except as otherwise indicated)						
Total Debt to LTM Adjusted EBITDA (4)(13)	4.0x	3.8x	3.8x	3.6x	3.8x	4.1x	3.1x
Net Debt (6)	728,556	662,943	648,832	586,511	615,189	584,773	338,605
Net Debt to LTM Adjusted EBITDA (4)(12)	3.7x	3.6x	3.6x	3.3x	3.5x	3.6x	2.7x
Adjusted EBITDA	156,055	140,638	180,729	175,544	174,113	162,904	123,628
Net interest expense	(40,309)	(35,530)	(48,969)	(50,647)	(48,806)	(37,911)	(27,532)
Adjusted EBITDA to net interest expense	3.9x	4.0x	3.7x	3.5x	3.6x	4.3x	4.5x
Capital expenditures	42,731	32,187	49,302	35,756	44,066	39,299	23,985
Adjusted EBITDA minus capital expenditures to net interest expense (4)(7)	2.8x	3.1x	2.7x	2.8x	2.7x	3.3x	3.6x
Other Operating Data:							
Number of retail stores	1,061	977	992	901	840	790	605
Total retail area at end of period (sq. ft.)	4,229,977	4,110,001	4,096,931	3,966,523	3,809,974	3,525,100	2,529,502
Total store area at end of period (sq. ft.)	4,204,425	4,093,804	4,077,267	3,958,713	3,809,974	3,525,100	2,529,502
Product sales per average store area (US$/sq. ft.))(8)	208	202	256	267	283	287	260

(1) Adjusted EBITDA as such term used in this offering memorandum consists of adding back to profit for the period, the income tax, financial expenses, foreign exchange loss net, depreciation, amortization and impairment of property and goodwill if any and deducting finance income of the period and is used as a measure of our segment financial performance that we believe indicates profitability in continuing business activities.

(2) Non-performing loans are defined as the total balance of any accounts that have an installment past-due for 90 days or more and do not include unearned interest.

(3) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenues.

(4) Adjusted EBITDA is not a U.S. GAAP or IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to operating income, as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of Adjusted EBITDA may not be comparable to Adjusted EBITDA as used by other companies.

(5) Total capitalization is calculated as total debt plus total stockholders' equity.

(6) Net debt is calculated by subtracting cash and cash equivalents from total debt.

(7) Capital expenditures include fixed assets and software but exclude those arising from acquisitions.

(8) Average store area excludes La Curacao Cash area.

(9) LTM operating profit calculations consist of adding operating profit for the nine months ended December 31 of the relevant year to the operating profit for the fiscal year ended March 31 of the relevant year less the operating profit for the nine months ended December 31 of the prior year. LTM calculations are only for the nine months ended December 31, 2016 and 2015.

(10) LTM Adjusted EBITDA calculations consist of adding Adjusted EBITDA for the nine months ended December 31 of the relevant year to the Adjusted EBITDA for the fiscal year ended March 31 of the relevant year less Adjusted EBITDA for the nine months ended December 31 of the prior year. LTM calculations are only for the nine months ended December 31, 2016 and 2015.

(11) Net debt to LTM Operating Profit is defined as Net Debt divided by LTM Operating Profit.

(12) Net Debt to LTM Adjusted EBITDA is defined as Net Debt divided by LTM Adjusted EBITDA.

(13) Total Debt to LTM Adjusted EBITDA is defined as Total Debt divided by LTM Adjusted EBITDA.

Adjusted EBITDA Reconciliation

Adjusted EBITDA is a non-GAAP and non-IFRS financial measure. Adjusted EBITDA, as such term is used in this offering memorandum, consists of adding back to profit for the period, the income tax, financial expenses, foreign exchange loss net, depreciation, amortization and impairment of property and goodwill if any and deducting finance income of the period.

We believe that Adjusted EBITDA can be useful to facilitate comparisons of operating performance between periods and with other companies in our industry, but it has the following material limitations: (i) it does not include

interest expense, which, because we have borrowed money to finance some of our operations, is a necessary and ongoing part of our costs and has assisted us in generating revenue; (ii) it does not include taxes, which are a necessary and ongoing part of our operations; and (iii) it does not include depreciation, which, because we must utilize property and equipment in order to generate revenues in our operations, is a necessary and ongoing part of our costs.

We provide a reconciliation of profit for the fiscal years ended March 31, 2016, 2015 and 2014, and for the nine months ended December 31, 2016 and 2015 to Adjusted EBITDA in the table below.

	For the nine months ended December 31,		For the fiscal year ended March 31,		
	2016	**2015**	**2016**	**2015**	**2014**
			(thousands of U.S. dollars)		
Profit for the period	64,439	58,329	74,410	73,732	67,016
Income tax	24,186	22,294	25,854	23,158	22,821
Financial income	(647)	(205)	(429)	(967)	(1,331)
Financial expense	40,956	35,735	49,398	51,614	50,137
Foreign exchange loss, net	5,225	4,011	4,950	1,710	12,058
Depreciation, amortization and impairment of property and goodwill	21,896	20,474	26,546	26,297	23,412
Adjusted EBITDA	**156,055**	**140,638**	**180,729**	**175,544**	**174,113**

LTM Adjusted EBITDA

March 31, 2016	180,729
(+) December 31, 2016	156,055
(-) December 31, 2015	140,638
December 31, 2016 LTM	**196,146**
March 31, 2015	175,544
(+) December 31, 2015	140,638
(-) December 31, 2014	132,609
December 31, 2015 LTM	**183,573**

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this offering memorandum, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could have a material adverse effect on our business, financial condition or results of operations. If any of these events occur, the trading prices of the Notes could decline, and we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

Risks Relating to our Latin American and our Caribbean Markets

Several countries in which we operate have experienced economic and governmental instability which could adversely affect the economy in our Latin American and our Caribbean markets and, therefore, our financial condition and results of operations.

Our activities are concentrated through our operating subsidiaries in various jurisdictions, including Antigua and Barbuda, Aruba, Barbados, Belize, Bonaire, Costa Rica, Curaçao, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Paraguay, St. Kitts & Nevis, St. Lucia, St. Maarten, St. Vincent & the Grenadines, Trinidad & Tobago and the United States (Texas and New York). Additionally, we currently operate a captive insurance company in Bermuda. Our revenues and operations will remain highly dependent on these jurisdictions, and the economic and political conditions in such jurisdictions may not be favorable in the future. An economic slowdown in one or more of these regions could negatively impact our sales and have an adverse effect on our financial condition and results of operations. We may expand our operations into jurisdictions that have experienced political and economic instability in the recent past and may experience instability in the future. Our expansion into these markets may be hampered by security risks and lack of stability, which may adversely affect our financial condition and results of operations.

Several nations in our Latin American and our Caribbean markets have experienced periods of governmental instability over recent decades. Furthermore, the governments in the countries in which we operate have historically exercised substantial influence over many aspects of their respective economies. The future changes of governing parties may create significant uncertainty as to future economic, fiscal and tax policies. These events, their possible escalation and the violence associated with them, may negatively impact these economies or our local operations in the future. We cannot assure you that our customers, employees or assets will not be affected by these circumstances. Governmental instability in one or more countries in which we operate may negatively impact the government's credibility in any such country, which could in turn negatively impact the country's economy and adversely affect our financial condition and results of operations.

Our operations are dependent upon the economic cycles of the markets in which we operate. These markets are in countries with economies in various stages of development and structural reform, some of which are subject to rapid fluctuations in consumer prices, employment levels, gross domestic product and interest and foreign exchange rates. We may be subject to such fluctuations in the local economies and to the effect of such fluctuations on the ability of customers to pay for our products. In addition, these fluctuations may affect the ability of the market to support our existing retail stores or any growth in our operations.

The countries in which we operate are subject to worldwide or regional economic downturns and recessions.

We are subject to worldwide or regional economic downturns and recessions through the interrelationship of economies in the markets in which we operate with the rest of the world. This relationship may affect our revenues and profitability. Our management reduces exposure to lease contracts by including termination clauses, and our labor contracts generally do not prohibit layoffs in the event they become necessary. During the economic downturn of 2008 to 2010, the Unicomer Group reduced its headcount by 10%, mostly through natural attrition, hiring freezes and closure of unprofitable stores in an effort to reduce expenses. The Unicomer Group was also able to reduce the number of new credit sales it granted while continuing to collect existing accounts receivable in order to preserve liquidity. The aforementioned measures taken by Unicomer Group resulted in a positive Cash Flow from Operations, after interest and tax expenditures paid, of $83.3 million for the financial year ended March 31, 2010.

Although the Unicomer Group has been able to mitigate the effects of the economic downturn of 2008 to 2010, it may not be successful in mitigating the effects of future economic downturns.

The economies of the countries in which we operate are influenced, among other factors, by economic and market conditions in other countries, including among others, Latin American countries, emerging markets and the United States. Furthermore, all of the countries in which we operate have the United States as a major economic partner, but each interacts with the United States' economy in a different way and relies on different sectors of United States' economic activity for its economic success. Some countries in which we operate are heavy oil importers, others less so, and two are oil and gas exporters. Other countries depend heavily on agriculture, remittances, tourism and mining, among others. Some have adopted the U.S. dollar as their own currency, others manage their currency carefully against the U.S. dollar, while others let their currency float freely against the U.S. dollar.

The results for the 2016 United States presidential and congressional elections have generated volatility in the global capital markets. Such volatility and uncertainty, as well as changes in administrative and governmental policies of the new administration may have a material adverse effect on global economic conditions and the stability of global financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. We have no control over and cannot predict the effects arising from the new United States administration or its policies in any of the countries in which we operate. To the extent the conditions of the global markets or economies deteriorate, our companies may be adversely affected. Thus, the developments arising from the results of the 2016 United States presidential election, as well as potential crises and forms of political instability arising therefrom or any other as of yet unforeseen development, may affect the economies of the countries in which we operate, and may materially harm our business, financial condition and results of operations.

Changes to governmental laws and regulations in our Latin American or our Caribbean markets could adversely affect our business.

We are subject to governmental regulation in the markets in which we operate. The governments of these countries differ widely with respect to structure and constitution, and some of these countries lack mature legal and regulatory systems. To the extent that our operations depend on governmental approval and regulatory decisions, such operations may be adversely affected by changes in the political structure or government representatives in each of the markets in which we operate. These and other future economic and political developments in the economies of our Latin American and our Caribbean markets and government policies may reduce local demand for our services or products, which could adversely affect our business, financial condition and results of operations, and impair our ability to satisfy our payment obligations under the Notes.

Several countries in our Latin American and our Caribbean markets have experienced significant natural disasters, and the recurrence of such natural disasters could adversely affect the economy in these markets and, therefore, our financial condition and results of operations.

Natural disasters, such as hurricanes, tropical storms, volcanic eruptions and earthquakes, could result in economic downturns that could negatively affect our profitability. Such natural disasters could result in the interruption of required supplies of manufactured goods to our distribution centers and to end-users. In certain disaster scenarios, our insurance might not be sufficient to fully offset our operational losses, which could adversely affect our results of operations and financial condition. Examples of natural disasters include Hurricane Ivan in 2004 which caused major damage in Grenada and Jamaica, and Hurricane Stan in 2005 which caused widespread destruction throughout Central America, both of which adversely affected our operations. Similarly, in 2001, our business suffered adverse effects as a result of two major earthquakes in El Salvador. More recently, in 2016, an earthquake hit Ecuador, Hurricane Matthew hit Aruba, Bonaire and Curaçao, and tropical storm Otto caused damage in Nicaragua and Costa Rica.

We are subject to newly implemented taxes and possible increases in taxes in the countries where we operate, which may reduce amounts we receive from our operating ventures or may increase our tax costs.

Laws and/or administrative practices relating to taxation may change in the jurisdictions in which we operate. Any such change could adversely affect our financial condition and results of operations and our ability to receive funds from our subsidiaries.

Many of the jurisdictions in which we operate have turned to newly created taxes, the enactment of transfer pricing regulations, the implementation of minimum corporate taxes and increased direct and indirect tax rates, as well as aggressive interpretations of existing tax laws and regulations, as a methodology to increase tax revenue. For example, after the earthquake emergency in Ecuador in 2016, a special tax was approved, creating a tax of 0.9% to 1.8% of total assets value on shareholders. The governments of Costa Rica and El Salvador have also proposed an increase in the rate of sales tax and value added tax, respectively. In Guatemala, tax audits are conducted through a criminal proceeding against a taxpayer's legal representatives. In addition, competitive pressures may inhibit us from passing these taxes on to our local customers. Consequently, these incremental taxes may reduce the amount of earnings that we are able to generate from our products and services. If these or other tax assessments are ultimately resolved in a manner that is unfavorable to our interests, this may reduce the amounts we receive from our operating ventures or increase our effective tax rates and tax liabilities.

Tax returns from previous years may also be reviewed by the local tax authorities, and there is a risk that unidentified issues or exposures could arise.

We are subject to taxation laws which are complex and often require us to make subjective determinations.

We are subject to many different forms of taxation, including but not limited to income tax, withholding tax, value added tax, import duties, stamp duty, municipal taxes and social security and other payroll-related taxes. In particular, in the OECS region, due to the macroeconomic environment, tax authorities have been taking a very aggressive approach on the collection of taxes through audits. Tax law and administration is complex and often requires us to make subjective determinations. The tax authorities may not agree with the determinations that are made by us with respect to the application of tax law. Such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial amounts for tax, interest and penalties, which could have a material effect on our results.

Currency fluctuations or devaluations could reduce the amount of profit and assets that we are able to report.

Although our revenue in the United States, Ecuador, Bonaire and El Salvador is generated in U.S. Dollars (accounting for 18.5% of our revenues for the nine months ended December 31, 2016), a certain portion of our other current and future revenues are and will be predominantly denominated in local currencies, *e.g.*, Guatemalan Quetzales, Honduran Lempiras, Nicaraguan Córdobas, Trinidad & Tobago Dollars, Jamaican Dollars, Eastern Caribbean Dollars, Barbadian Dollars, Bermudian Dollars, Belize Dollars, Guyanese Dollars, Costa Rican Colones, Paraguayan Guaranies, Aruban Florins, Curaçao Antillean Guilders and Dominican Republic Pesos Oro. In addition, a substantial portion of our long-term debt liabilities is denominated in U.S. dollars. As a result, a significant unanticipated decrease in the value of a local currency relative to the U.S. dollar could adversely affect our financial condition and results of operations. The devaluation of the local currencies against the U.S. dollar could increase our financial expenses and operating costs and could adversely affect our ability to meet our foreign currency obligations. As a result, the devaluation of the local currencies may reduce our ability to satisfy our debt service obligations, including those in respect of the Notes.

At the subsidiary level, we seek to reduce our foreign exchange exposure arising from transactions through a policy of matching, as far as possible, assets and liabilities. Our ability to reduce our foreign currency exchange exposure is limited by our ability to borrow in local currency in each country in which we operate. If local lenders are unwilling to lend to our operating subsidiaries or local regulations prohibit borrowing in local currencies, we may need other sources of financing, such as cash flows from operations, short-term borrowing or other financing arrangements. We may not be able to fund our subsidiaries' capital expenditure needs and reduce our foreign exchange exposure by borrowing in local currency. As a result, our exposure to currency market fluctuations or devaluations would be exacerbated.

We may be affected by fluctuations in interest rates and inflation rates, which may adversely impact our financial condition and results of operations.

We sell durable consumer goods to customers for cash and also offer consumer credit to our customers to finance purchases. The consumer credit we offer customers is managed in-house, and thus we have the full benefit as well as the full risk of this credit portfolio.

Changes in interest rates are driven by market conditions, the interest rate policies of various governments and central banks, and other circumstances beyond our control. Any future increase in interest rates will increase our

cost of debt financing, resulting in an increased use of cash flow from operations to service our indebtedness. Such an increase could adversely affect our financial condition and results of operations. In addition, a rise in interest rates may increase amounts due under our loans, including the Notes, and we may not be able to adjust our prices to offset the impact of the interest rates. If we are unable to pass these increases on to our local customers, our revenues may not be sufficient to offset the increased interest expense, which could have a material adverse effect on our financial condition and results of operations.

Although in recent years inflation rates in the countries where we operate have been low, high rates of inflation have historically been common in our principal countries of operation, and to the extent there are significant increases in such rates in our Latin American or our Caribbean markets, our financial condition and results of operations may be adversely affected. In particular, when wages rise more slowly than prices, inflation can erode consumer purchasing power and thereby adversely affect sales. Supply and material costs may rise more rapidly than prices. We cannot assure you that inflation in the countries in which we operate will not rise in the future. To the extent there are significant increases in inflation in any of these countries, our operating margins may be adversely affected and our results of operations may experience significant adverse consequences.

Many of our customers depend on remittances from family members living overseas. Laws, regulations or events that limit such remittances or any changes to United States immigration policy may adversely affect our financial condition and results of operations.

Many of the jurisdictions in which we operate depend on remittances as a source of revenue. Many of our customers rely on remittances from family members living overseas as a primary or secondary source of income. Any law, regulation or event that restricts, taxes or prevents those remittances may adversely affect demand for our products and our customers' ability to repay their consumer loans, which in turn may adversely affect our financial condition and results of operations. In particular, President Trump's administration has recently mentioned the possibility of taxing remittances to Mexico. We cannot assure you that the Trump administration will not implement similar taxing of remittances to the countries in which we operate. The implementation of any such measure may have a material adverse effect on our financial condition and results of operations.

Most of our subsidiaries receive revenue denominated in local currency. Some of the countries in which these subsidiaries are located impose foreign exchange controls, and, in the future, any of the countries in which the remaining of these subsidiaries are located could impose foreign exchange controls. These controls could restrict our ability to receive funds from such subsidiaries.

Most of our subsidiaries receive substantially all of their revenues in the currency of the markets in which they operate. We expect to derive substantially all of our revenues through funds generated by our operating subsidiaries and, therefore, rely on the ability of the operating subsidiaries to transfer funds to us. Some of the countries in which we operate, including Belize, Guyana and Barbados, have adopted foreign exchange controls, including restrictions on payments of principal, interest or dividends to foreign companies, withholding tax obligations and other foreign exchange limitations. We have not experienced any material difficulty in obtaining the necessary permits to allow our subsidiaries to transfer funds to us; however, we may not have the ability to obtain such permits in the future. Additionally, the adoption of new foreign exchange controls in the countries in which we operate could restrict the ability of our subsidiaries to transfer funds to us.

Some countries in our Latin American and our Caribbean markets have limited foreign exchange markets, which may make it difficult to convert large amounts of local currency into foreign currency. The practical effect of this is likely to be time delays in accumulating significant amounts of foreign currency. In addition, a few countries in our Latin American and our Caribbean markets restrict the export of cash in local currencies.

We may not possess all of the licenses and permits required to operate our business, or we may fail to maintain the licenses and permits we currently hold. This could subject us to fines and other penalties, which could materially adversely affect our results of operations.

We operate in 24 countries throughout Latin America and the Caribbean and are required to hold a variety of permits and licenses to conduct business in those countries. We may not possess all required permits and licenses for all of our subsidiaries or in all of the countries where we operate. For example, we still have an application pending with the Ministry of Finance in Trinidad for a foreign investment license for our subsidiary Unicomer (Trinidad) Limited in Trinidad, and a business license is pending to operate a RadioShack franchise in Curaçao. In addition, the

approvals, permits or licenses required by governmental agencies may change without substantial advance notice, and we could fail to obtain the approvals, permits or licenses required to expand our business. If we fail to obtain or to maintain such permits or licenses, or if renewals are granted with onerous conditions, we could be subject to fines and other penalties. As a result, our business, results of operations and financial condition could be materially and adversely affected.

Risks Relating to Our Business

We participate in an intensely competitive market, and increased competition may adversely affect our business.

The retail industry in our Latin American, Caribbean and United States markets is characterized by substantial competition and increasing pressure on profit margins. The number and type of competitors and the degree of competition experienced by each of our stores varies by location. Competition occurs principally on the basis of price, location, selection and quality of merchandise, service, store conditions and promotions. We face strong competition from international and locally-based retail stores, and additional international retailers may enter these markets in the future, either directly or through joint ventures. We also compete with numerous local and regional retail store chains, as well as with small, family-owned neighborhood stores, informal or "black" markets and street vendors. We compete with retailers that operate discount, department, variety and specialty stores, supermarkets, supercenter-type stores and hypermarkets, wholesalers and distributors as well as internet-based retailers and catalog businesses.

We compete for customers, employees, store sites, products and services. To compete effectively with competitors who price their merchandise lower than ours, we may have to lower our prices, which would adversely affect our profitability. In addition, some of our competitors have announced plans for expansion and modernization, which may cause us to respond by lowering prices at affected stores or undertaking capital expenditure initiatives to remain competitive. As other retailers expand their operations in our Latin American and our Caribbean markets, and as other retailers enter these retail markets, competition will continue to intensify and may adversely impact our results of operation or cause us to lose market share. Our inability to respond effectively to competitive pressures and changes in the retail markets could adversely affect our financial condition and results of operations.

Our markets are characterized by rapid changes in technology and consumer preferences, which could render some of our products obsolete and cause us to incur substantial expenditures to replace our products.

Consumer electronics and retail items, such as furniture, have a limited life. As new technologies develop and consumer preferences evolve, our supply may need to change in order to remain competitive. Unforeseen developments may render our products unpopular or obsolete. To the extent our products become obsolete, we may be required to recognize an impairment charge to such assets, which could adversely affect our financial condition and results of operations.

Our operating income is sensitive to conditions that cause price fluctuations.

We base a significant portion of our sales prices on the cost of products we sell plus a percentage markup. As a result, periods of price deflation may negatively affect our profit levels. In addition, our business could be adversely affected by other factors, including inventory control, competitive price pressures, severe weather conditions and unexpected increases in fuel or other transportation related costs which increase the cost of our products. If we are unable to pass along these cost increases to our customers, our profit margin will decrease and could adversely affect our financial condition and results of operations.

We may not have access to adequate capital to finance our working capital needs and capital expenditures.

We depend on cash flows from operations and the availability of credit with local banks in the countries where we operate to finance our working capital needs and fund our capital expenditures. We may not be able to generate sufficient cash flows from operations or obtain financing on favorable terms, or at all. Similarly, we may not be able to continue to raise financing from past sources, or from other sources, or on terms comparable to our existing debt. If we are unable to continue to obtain financing on favorable terms, we may face increased financing costs or be unable to finance our working capital needs and fund our capital expenditures, which would in turn affect our business, financial condition and results of operations.

Our sales and operating results depend on consumer spending.

Our sales are significantly affected by the discretionary spending of consumers. Consumer spending may be affected by many factors outside of our control, including general economic conditions, consumer disposable income levels, consumer confidence levels, the availability of goods that match consumer needs and preferences, cost and level of consumer debt, consumer behavior with respect to consumer credit, the costs of basic necessities and other goods, and the effects of the weather or natural disasters. In the past two years, we have experienced a decrease in same-store sales growth. Any decline in the discretionary spending of consumers could negatively affect our business and results of operations.

Our sales and inventory levels are affected by seasonality, and any circumstance that may negatively impact our business during an otherwise busy season may adversely affect us.

Our revenues from sales are usually considerably higher during the last quarter of any given calendar year, due to an increase in sales during the holiday season. For the last five fiscal years, on average, 35% of our revenues were derived from fourth calendar quarter sales. We expect that this seasonality will continue in the future. Any economic slowdown, interruption to our business or to the business of our suppliers, or the occurrence of any other circumstance that may impact our business during the last quarter of any calendar year may therefore adversely affect our financial condition and results of operations.

Changes in suppliers' allowances and promotional incentives could impact profitability.

We derive a portion of our net revenues from allowances and promotional incentives granted by our suppliers. Our net revenues include fees from suppliers for the sale of their products in our stores, supplier rebates and bonuses, supplier promotional allowances and fees, and fees from publicity activities carried out for third parties using our proprietary customer information. We cannot assure you that we will be able to obtain a similar level of such fees in the future. Should any of our key suppliers reduce or otherwise eliminate these arrangements, our profit margin for the affected products could be impacted, adversely affecting our business, financial condition and results of operations.

Risks associated with the suppliers from whom we source our products could adversely affect our financial performance.

The products we sell are sourced from a wide variety of international suppliers. Our ability to find suppliers who are able to meet our standards and can supply products in a timely and efficient manner is a significant challenge. Political and economic instability in our Latin American and our Caribbean markets and in the countries where foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our standards, labor problems experienced by our suppliers, the availability of raw materials to suppliers, merchandise quality issues, currency exchange rates, transport availability and cost, inflation, and other factors relating to the suppliers and the countries where they are located are beyond our control. In addition, foreign trade policies, tariffs and other impositions and requirements on imported goods, which may depend on the product's place of origin or on the product's nature and specifications, as well as other factors relating to foreign trade, are beyond our control. These and other factors affecting our suppliers and our access to products could adversely affect our financial condition and results of operations.

If any of our products is found to be faulty, we may be subject to product recalls or other liabilities which could cause us to incur significant additional costs.

Faulty products may lead to business interruption, penalties and fines, product recalls or liabilities, each of which could have an adverse effect on our financial condition and results of operations. We may not be able to enforce our rights in respect of our insurance policies and, in the event malfunctions occur, any amounts that we do recover may not be sufficient to offset any damages we may suffer.

Environmental laws and regulations may affect our business.

We are subject to various environmental laws and regulations. These laws and regulations govern, among other things, discharges of pollutants into the air and water as well as the presence, handling, release and disposal of and exposure to, hazardous substances. These laws and regulations provide for significant fines and penalties for noncompliance. Third parties may also make personal injury, property damage or other claims against owners or

operators of properties associated with releases of, or actual or alleged exposure to, hazardous substances at, on or from our properties.

Environmental conditions relating to prior, existing or future store, shopping center or warehouse locations may have a material adverse effect on us. Moreover, the adoption of new or more stringent environmental laws or regulations could result in a material environmental liability to us.

Certain of our logistic services in El Salvador and Guatemala are conducted with a related party, and the loss of such relationship could adversely affect our business.

We have contracts for merchandise transportation and warehousing services with Almacenes Siman, a related party, on an arms-length basis in El Salvador and Guatemala. These shared services have allowed us to create a cost efficient distribution and warehouse system for our products in these two countries. The loss of such relationship with Almacenes Siman could adversely affect sales of our products and impose additional costs, as we would have to establish new distribution and warehousing systems with unrelated parties. Our future success would depend on our ability to attract, retain and motivate new distributors to efficiently perform these services in El Salvador and Guatemala.

Disruptions in our distribution centers could have an adverse effect on our business.

We operate reception and distribution centers of products and merchandise for our stores in each of the jurisdictions where we operate, except for the United States. Any disruption in our reception and distribution centers due to reasons beyond our control, such as natural disasters, technological failures, power shortages and labor strikes, among other disruptions, would affect deliveries of merchandise to our warehouses which could adversely affect our sales and profitability.

The shift of consumers to purchase goods through the Internet may negatively affect sales in our stores.

In recent years, retail sales through the Internet have grown considerably in our Latin American, Caribbean and United States markets. The Internet enables manufacturers and retailers to sell directly to consumers, diminishing the importance of traditional distribution channels such as retail stores and shopping centers. We believe that our target consumers are increasingly using the Internet to shop electronically for retail goods and that this trend is likely to continue. If e-commerce and retail sales through the Internet continue to grow, consumers' reliance on traditional distribution channels, such as our stores and shopping centers, could be significantly diminished, which would adversely affect our financial condition, results of operations and business prospects. While we have established websites that sell goods comparable to those carried in our stores, our Internet sales may not entirely compensate for potential lost sales attributable to competition from other Internet sales channels.

Our overall competitive position and profitability is highly dependent on our ability to provide competitive financing to our customers, which is predicated on consumers' lack of access to credit products.

A substantial portion of our retail sales are made under our installment sales program. Sales made in exchange for cash may be priced at a mark-down; therefore, installment sales have higher profitability than cash sales. In the markets where we operate, competition for the provision of consumer financing services is intense and may increase significantly in connection with the introduction of consumer credit products by banks and other financial institutions, including credit cards and personal loans, targeted to middle- and lower-middle-income consumers, which represent our main market. To the extent that our competitors are able to offer better financing terms than those we offer, increased competition in this sector, especially if targeted to middle- and lower-middle-income consumers, may diminish our competitive position, reduce our market share and significantly reduce our earnings.

Increased competition may also reduce the profitability of the consumer financing sector more generally, and may also adversely affect the attractiveness of the stand-alone credit products that we currently offer in Guatemala, El Salvador, Honduras, Nicaragua, Dominican Republic, Costa Rica, United States, Antigua, Barbados, Belize, Guyana, Jamaica, St. Vincent, St. Lucia, and Trinidad & Tobago.

A change in consumer related laws and regulations may adversely affect our financial condition.

Consumer protection laws in most of the countries where we operate do not set a limit on the interest rate a merchant may charge a consumer in installment sales. These laws do not require the merchant to inform the

consumer of the effective rate of interest charged. The effective interest rate which we charge for household appliances, consumer electronics, home furniture and bedding is fixed at the time of the installment purchase. In the future, the governments of the countries in which we operate may impose limitations or additional disclosure requirements regarding such interest rates. A substantial portion of our revenues and operating cash flow is generated by our installment sales program, and any such limitations or additional information requirements could adversely affect our financial condition and results of operations. Furthermore, any material change in the regulations governing our collection practices and repossession procedures could adversely affect our financial condition and results of operations.

A privacy breach or failure to comply with confidential information protection laws and regulations could result in negative publicity and adversely affect our business or results of operations.

The protection of our customers, employees, and company's data is critical to us. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements across business units. In addition, customers have a high expectation that we will adequately protect their personal information from cyber-attack or other security breaches. A significant breach of confidentiality obligations with respect to our customers, employees, and company's data could attract a substantial amount of media attention, damage our customer relationships and our reputation, and result in lost sales, fines, or lawsuits.

Any failure to protect confidential data of our customers, our employees or other third parties could materially damage our brand and reputation as well as result in significant expenses and disruptions to our operations, and a loss of customer confidence, any of which could have a material adverse effect on our reputation, business, results of operations and financial condition.

We bear significant credit risk in connection with customer financing.

Customer financing is a key component of our commercial strategy, and 57.1% of our sales for the nine months ended December 31, 2016 were paid by customers using our store financing program. We aim to increase the percentage of our sales paid by customers using store financing. For the nine months ended December 31, 2016, accounts that were past due by more than 90 days represented 6.9% of our accounts receivable. Historically, we have faced higher levels of delinquency in our new stores, as compared with our existing stores, because of the time it takes to understand the demographics and credit quality of customers in the new market. Therefore, as we expand into new regions, our levels of past due accounts and subsequent write-offs may increase.

Any developments, including economic downturns, which materially adversely affect the ability of our customers to meet their obligations with respect to credit we extend to them, will likely result in substantial losses to us. Our financial condition and results of operations may also be adversely affected if we are unable to adjust our credit approval policies to respond to prevailing economic conditions in the future.

Additionally, we obtain and store certain personal information about our customers in connection with our customer financing operations. Any lapse or failure of our security systems that results in customer personal information being obtained by unauthorized third parties could adversely affect our reputation and operations. Such lapse could result in significant litigation and require a potential upgrade of the security system.

Our consumer credit loans are unsecured, and an inefficient recovery process may adversely affect our business, financial condition and results of operations.

We offer a wide variety of credit plans to our customers. The loans we provide to our customers are unsecured. Any payment default by our customers could lead us to pursue judicial collection procedures. Judicial recovery through the courts in the countries in which we operate is a complex, uncertain and time consuming endeavor. We cannot anticipate any outcome resulting from the exercise of our collection rights and remedies or otherwise assure that any payments we may obtain would be sufficient to pay in full the amounts due by our customers. Our inability to successfully recover the principal of an interest on the loans from our customers could materially and adversely affect our business, financial condition and results of operations.

We may fail to detect money laundering or fraudulent activities of our customers, which may adversely impact our reputation, business and financial condition.

We are exposed to the risk of money laundering and fraudulent activities by our customers, particularly with respect to our consumer credit offerings. We have implemented internal control systems that monitor unusual transaction volumes or unusual transaction patterns and screen the personal details of our customers, but these systems may not always succeed in protecting us and our customers from money laundering and fraud.

To the extent we are not successful in protecting ourselves or our customers from money laundering or fraud, or if we fail to comply with the applicable regulations, we and our directors could be subject to criminal sanctions or administrative and civil fines and could directly suffer loss, or lose the confidence of our customer base, which could have a material adverse effect on our reputation, business, results of operations and financial condition.

We rely on our key management personnel, and our inability to retain our current personnel or attract other talented professionals may adversely affect our business.

Our success to date has been influenced by the prior retail and financial experience and capabilities of our senior management team, including our chief executive officer and other qualified employees. If we lose the services of one or more of our executive officers or key employees or if one or more of them decides to join a competitor, we may find it difficult to find replacements with similar specialized industry knowledge and experience. If we are unable to attract skilled professionals, fail to integrate them into our organization or fail to retain them after we have invested resources in their training, our business, financial condition, results of operations, competitive ability and future success could be adversely affected.

Our business operations depend on the integrity of our employees.

Our success and profitability depend largely on the quality and integrity of our employees at every level of our distribution process. Any breach in the quality or integrity of our employees could have an adverse effect on our success and profitability.

An increase in labor cost could adversely affect our results of operations.

Our results may be adversely affected as a result of increases in labor costs. These costs could arise from changes in labor laws and regulations or general inflationary pressures. Our labor costs include the cost of providing benefits for employees. We sponsor a number of defined benefit plans for employees in the countries where we operate, including pension and retirement plans, healthcare, severance and other employment benefits. We also participate in certain pension plans. If our labor costs increase significantly, it could have an adverse effect on our financial condition and results of operations.

We may not be able to open new store locations successfully in a timely manner, if at all, which could adversely affect our financial condition and results of operations.

Our future growth will largely depend on our ability to open and operate new stores successfully. However, our ability to open new stores is subject to a variety of risks and uncertainties, and we may be unable to successfully open and operate new stores as planned, which could adversely affect our financial condition and results of operations.

During the fiscal year ended March 31, 2014, we increased our store network by 50 stores through new store openings. During the fiscal year ended March 31, 2015, we increased our store network by 61 stores, of which six stores were acquired. During the fiscal year ended March 31, 2016, we increased our store network by 91 stores, of which 12 stores were acquired. In the nine months ended December 31, 2016, we increased our store network by 69 stores, of which six stores were acquired. We expect to continue to open new stores in the future while remodeling a portion of our existing store base annually. However, we may not be able to open the planned number of new stores in the fiscal year 2017 or thereafter.

Our ability to open and operate new stores successfully depends on a number of factors, many of which are beyond our control. These factors include our ability to identify suitable store locations, which includes gathering and assessing demographic and marketing data to determine if there is sufficient consumer demand for our merchandise in the locations we select, and negotiating acceptable lease terms. We must also complete construction

without material delays, disruptions and significant cost increases. We may also face difficulties in marketing our brands to new customers and offering merchandise that is responsive to the needs and preferences of our customers in new geographic areas. Opening new stores will also require us to maintain increased levels of inventory at acceptable costs to meet the needs of new stores and to hire, train and retain skilled store personnel, especially management personnel. In addition, we may not be able to successfully integrate new stores into our existing operations, obtain financing for new stores, if necessary, on acceptable terms, or secure necessary governmental permits and approvals. To the extent our new stores are in markets where we already have stores, we may experience reduced net revenues in our existing stores.

In addition, we may enter new markets. The expansion into new markets may present competitive, merchandising and distribution challenges that are different from those currently encountered in our existing markets. Any of these challenges could adversely affect our financial condition and results of operations.

We face risks associated with acquisitions.

In the last six years we have made a number of acquisitions, including the Artefacta operations in Ecuador in November 2011 ("Artefacta"), the Gollo chain in Costa Rica in September 2012 ("Gollo"), AMC Unicon, Pricehacker, Hagemyer and Home & Nature in Aruba in September 2014, the Electrofácil chain in Paraguay in December 2015 and the OMNI stores chain in Curaçao, Bonaire and St. Maarten in April 2016. See "Business—History." Our growth strategy relies in part on selective and strategic acquisitions in the industries in which we operate. Risks we could face with respect to any recent and future acquisitions include:

- difficulties integrating operations, technologies, manufacturing, products and personnel of the acquired entity;
- diversion of management's attention away from other business concerns; and
- expenses of any undisclosed or unknown potential liabilities of the acquired entity.

Future acquisitions also could result in the incurrence of debt and the assumption of liabilities, including contingent liabilities, which may impose restrictions on our operations. Any of the foregoing could have a significant negative impact on our financial condition and results of operations. Additionally, we may be unable to continue to identify suitable acquisition candidates at acceptable prices and may not be successful in completing the acquisition of any such candidate identified. Although we ultimately believe we will be able to successfully integrate any newly acquired operations into our existing operations, no certainty exists that future acquisitions will be successfully integrated into our operations or can be successfully integrated in a reasonable time. Our failure to identify appropriate candidates for acquisition or to integrate effectively future acquisitions into our existing operations could adversely affect our growth expectations and our future financial performance. Additionally, the antitrust authorities in the countries in which we operate could object to or condition any acquisitions made by us.

We may not be able to generate sufficient cash flows from our operations or obtain sufficient funds from external sources to fund acquisitions. Our ability to access financial markets in sufficient amounts and on acceptable terms to finance acquisitions will depend to some degree on prevailing capital and financial market conditions over which we have control.

Rapid growth and expansion may cause us difficulty in obtaining adequate managerial and operational resources and restrict our ability to expand successfully our operations.

Our rapid growth has placed, and we expect will continue to place, a significant strain on our management, operations and financial resources. These increased demands could cause us to operate our business less effectively, which in turn could cause deterioration in the financial performance of our stores and our overall business. Our future operating results depend, in significant part, upon the continued contributions of our key senior management and technical personnel. Management of growth will require, among other things, the following:

- stringent control of development of new store and other costs;
- continued development of financial, management and other internal controls;
- implementation of adequate information technology systems;

- hiring and training of new personnel; and
- coordination among our logistical personnel.

Due to the small number of qualified individuals, competition for personnel for expansion stores in our markets is intense. Our failure to manage our growth and personnel needs successfully could have a material adverse effect on our financial condition and results of operations.

Our revenues depend largely upon the effectiveness of our advertising and marketing programs.

We dedicate substantial resources to advertising and marketing. We use a mix of television, radio, print, door-to-door sales and direct mailers, as well as our websites, to communicate promotions, new products and build brand image. Our revenues and profitability depend largely upon our ability to, among other things, identify our target customers, develop creative messages and media mix for marketing to our target customers, and promote customer awareness and desire for our brands.

If our advertising and marketing activities are not well conceived, planned and executed, we may not generate an increase in total or comparable store sales or desired levels of merchandise and brand name awareness. In addition, we may face increased marketing activities from our competitors. If our advertising and marketing activities become less effective than our competition, our sales may decrease. Also, increasing costs of advertising may reduce our margins and adversely affect our financial condition and results of operations.

Our success depends significantly on our information technology systems.

Our success depends, to a significant extent, on our ability to source and distribute our products efficiently. Information technology is an important factor since accurate and real-time information and decision-making enable us to ensure that stores are always stocked according to demand. To avoid "stock-outs" and to identify better positioned, faster selling brands and products, we have invested in various integrated technology systems. See "Business—Information Technology." Even advanced technology systems, however, are subject to defects, interruptions and breakdowns. Therefore, we cannot assure you that these new systems will not suffer such problems, which could result in serious disruptions to our business.

We receive and keep certain personal information about our customers, including information about their finances. In addition, our online operations depend upon the secure transmission of confidential information over public networks, including information permitting cashless payments. Any lapse in our security systems that results in customer personal information being obtained by unauthorized persons could adversely affect our reputation with our customers and others, as well as our operations, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. In addition, a security lapse could require that we expend significant additional resources related to our information security systems and could result in a disruption of our operations, particularly our online sales operations.

Our inability or failure to protect our intellectual property or our infringement of others' intellectual property could adversely affect our financial condition and results of operations.

We believe that our trademarks and related intellectual property are valuable and important assets to our success. The merchandise we sold through our wholly-owned trademarks and trade names (our chain stores) accounted for approximately 99.87% of our product sales in the nine months ended December 31, 2016. Sales of merchandise through our licensed trademarks represented approximately 0.13% of our product sales in the nine months ended December 31, 2016. The unauthorized use or other misappropriation of our trademarks and related intellectual property could diminish the value of our brands, our store concept, our private label brands or our goodwill and cause a decline in our net revenues. Any infringement or other intellectual property claim made against us, whether or not it has merit, could be time-consuming, result in costly litigation, cause product delays or require us to pay royalties or license fees. As a result, any such claim could have a material adverse effect on our financial condition and results of operations.

Legal proceedings could adversely impact our financial condition and results of operations.

From time to time we are involved in various lawsuits, regulatory proceedings and similar matters incidental to the ordinary operations of our business. These legal proceedings could result in unfavorable verdicts, fines or other

sanctions that could adversely affect our liquidity, business, financial condition and results of operations. For further details on our legal proceedings, see "Business—Legal Proceedings."

Our past results of operations are not indicative of future results.

Our periodic operating results could fluctuate for many reasons, including losses from new stores, variations in the mix of product sales, price changes in response to competitive factors, increases in store operating costs, supply shortages, earthquakes, extreme weather-related disruptions and potential uninsured casualty losses or other losses. In addition, our quarterly operating results may fluctuate significantly as the result of the timing of new store openings, the timing of acquisitions, the range of operating results generated from newly opened stores and changes in estimates associated with the disposal of discontinued operations. Therefore, our past results of operations are not indicative of our future results of operations.

We prepare our financial statements in accordance with IFRS, which differ materially from U.S. GAAP.

Our consolidated financial statements, including those contained in this offering memorandum, are prepared in conformity with IFRS, as adopted at the applicable reporting date, which is a body of guidance issued by the International Accounting Standards Board. There are differences between IFRS and U.S. GAAP, as well as different interpretations of each. If U.S. GAAP were to be applied to our financial statements, there could be significant differences.

Risks Relating to Our Debt and the Notes

Our significant debt could adversely affect our financial health, prevent us from fulfilling our obligations under the Notes, diminish our ability to adequately address the credit needs of our customer base and raise additional capital to fund our operations and limit our ability to react to changes in the economy or the retail industry.

We have a significant amount of debt and debt service obligations. As of December 31, 2016, the total debt and other financing of the Unicomer Group, including all of its subsidiaries, was US$781.8 million, all of which was consolidated. Of this amount, US$271.5 million represented our indebtedness and US$510.3 million represented the indebtedness of our subsidiaries. For details of our indebtedness at that date see "Management's Discussion and Analysis of Financial Condition and Results of Operations —Liquidity and Capital Resources—Indebtedness."

Our level of indebtedness could have important negative consequences for us and to you as a holder of the Notes, including the following:

- it could require us to dedicate a large portion of our cash flow from operations to fund payments on our debt, thereby reducing our ability to expand our store network and grow our credit operations;
- reduce the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;
- limit our ability to raise additional debt or equity capital in the future or increase the cost of such funding;
- restrict us from making strategic acquisitions or exploiting business opportunities;
- make it more difficult for us to satisfy our obligations with respect to the Notes and our other debt; and
- place us at a competitive disadvantage with competitors that have less debt.

The Issuer's ability to pay principal and interest on the Notes may be affected by its organizational structure. The Issuer is dependent upon payments from its subsidiaries to fund payments to you on the Notes, and its ability to receive funds from its subsidiaries is dependent upon the profitability of its subsidiaries.

The Issuer is a holding company that does not itself conduct any business operations. As a result, it relies upon dividends and other payments from its subsidiaries to generate the funds necessary to meet its obligations. The Issuer's subsidiaries are separate and distinct legal entities and, except for the subsidiaries that are the Guarantors of the Notes, they will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payments. The ability of the Issuer's subsidiaries to make such payments to it will be subject to, among other things, the availability of profits or funds, the terms of each subsidiary's indebtedness and applicable laws, including foreign exchange control and other local laws.

Pursuant to the terms of the indenture governing the Notes, certain subsidiaries of the Issuer, representing in the aggregate 13.5% of our Adjusted EBITDA and 14.4% of our consolidated assets for the nine months ended December 31, 2016, will not guarantee the Notes. See "Description of the Notes—Note Guarantees." The creditors of our non-guarantor subsidiaries have direct claims on the non-guarantor subsidiaries and their assets and the claims of holders of the Notes are structurally subordinated to any existing and future liabilities of our non-guarantor subsidiaries. This means that the creditors of the non-guarantor subsidiaries have priority in their claims on the assets of the Issuer's subsidiaries over the Issuer's creditors, including the holders of the Notes.

In the event that any such non-guarantor restricted subsidiary becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, holders of its debt, and its trade creditors generally, will be entitled to payment on their claims from the assets of that subsidiary before any of those assets are made available to us or any guarantors. Consequently, your claims in respect of the Notes will be effectively subordinated to all of the liabilities of any of our subsidiaries that is not a guarantor, including trade payables.

The Notes and the guarantees will be unsecured, effectively subordinated to our secured indebtedness and to certain claims preferred by statute. Certain indebtedness of our Jamaican Guarantor will have priority in payment over the guarantee of our Jamaican Guarantor.

The Notes and the obligations of the Guarantors under their respective guarantees will be unsecured obligations of the Issuer and the Guarantors, respectively, will be subordinate to the respective secured indebtedness and obligations given preference by mandatory provisions of law (including certain claims relating to taxes and labor) and will rank equally in right of payment with all of the Issuer's and the Guarantor's other unsecured indebtedness, other than certain indebtedness of our Jamaican Guarantor (totaling US$52.3 million as of December 31, 2016) which will rank senior in right of payment to the guarantee of our Jamaican Guarantor. See "Description of the Notes—Guarantees." As of December 31, 2016, the Issuer and the Guarantors together had US$251.5 million of secured indebtedness and US$476.5 million of unsecured indebtedness. As of December 31, 2016, our non-guarantor subsidiaries together had US$15.1 million of secured indebtedness and US$39.6 million of unsecured indebtedness.

If the Issuer becomes insolvent or is liquidated, or if payment under any secured debt is accelerated, the creditors thereunder would be entitled to exercise the remedies available to a secured creditor. Accordingly, the creditor would have priority over any claim for payment under the Notes to the extent of the value of the assets that constitute its collateral. If this were to occur, it is possible that there would be no assets remaining from which claims of the holders of the Notes could be satisfied. Further, if any assets did remain after payment of these lenders, the remaining assets might be insufficient to satisfy the claims of the holders of the Notes and holders of other unsecured debt that is deemed the same class as the Notes, and potentially all other general creditors who would participate ratably with holders of the Notes.

The ability of some of the Guarantors to guarantee the Notes may be restricted by local law and exchange control regulations and, consequently, may limit your potential recovery.

In an insolvency proceeding, it is possible that creditors of the Guarantors may challenge the guarantees as fraudulent transfers or conveyances or other improper corporate distribution. If such a challenge were to succeed, a court could void or invalidate a portion or all of the obligations of the Guarantors, direct holders of the Notes to return any amounts paid under a guarantee and take other action that may be detrimental to you. If the Issuer cannot

satisfy its obligations under the Notes and any guarantee is found to be a fraudulent transfer or conveyance or an improper corporate distribution, we cannot assure you that the Issuer can ever repay in full any amounts outstanding under the Notes. In addition, the liability of each Guarantor will be limited to the amount that will result in its guarantee not exceeding the maximum amount that can be guaranteed by such Subsidiary Guarantor under local law or that would not constitute a fraudulent conveyance or transfer or improper corporate distribution, and there is no certainty as to what standard a court would apply in making a determination of the maximum liability of each Guarantor. Should any of the foregoing events occur, the Issuer may not have sufficient assets to pay amounts due on the Notes.

In addition, the Guarantors in Belize will need to apply to local regulators for permission to make any payment with respect to the guarantees. Such Guarantors may not be able to obtain permission from local regulators to pay out the full amount of the guarantees, or to make any payments on the guarantees at all. In the future, other countries in which the Guarantors are located could impose similar exchange control regulations that would require other Guarantors to apply to their respective local regulators for permission to make any payment with respect to the guarantees. Should such regulations be imposed, the Guarantors in those countries may also not be able to obtain permission from local regulators to pay out the full amount of the guarantees, or to make any payments on the guarantees at all.

The Issuer's ability to generate cash depends on many factors beyond its control, and the Issuer may not be able to generate cash required to service its debt.

The Issuer's ability to make scheduled payments on the Notes and to meet its other debt service obligations or to refinance its debt depends on its future operating and financial performance and ability to generate cash. This will be affected by its ability to successfully implement its business strategy, as well as general economic, financial, competitive, regulatory, technical and other factors beyond its control. If the Issuer cannot generate sufficient cash to meet its debt service obligations or fund its other business needs, it may, among other things, need to refinance all or a portion of its debt, including the Notes, obtain additional financing, delay capital expenditures or sell assets. We cannot assure you that the Issuer will be able to generate sufficient cash through any of the foregoing. If the Issuer is not able to refinance its debt, obtain additional financing or sell assets on commercially favorable terms or at all, it may not be able to satisfy its obligations with respect to its debt, including the Notes. If this were to occur, holders of the relevant debt would be able to declare the full amount of such debt due and payable. The Issuer's assets may not be sufficient to pay such amounts. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Restrictions imposed by the indenture governing the Notes and the agreements governing certain of our other outstanding debt contain various covenants that limit our ability to take certain actions.

The indenture governing the Notes and the agreements governing certain of our other outstanding debt contain various covenants that limit our flexibility in operating our business. For example, these agreements restrict the ability of the Issuer and certain of its subsidiaries to, among other things:

- incur additional indebtedness or issue guarantees;
- pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness;
- make investments;
- create liens;
- create any consensual limitation on the ability of our restricted subsidiaries to pay dividends, make loans or transfer property to us;
- engage in transactions with affiliates;
- sell assets, including capital stock of our subsidiaries; and
- consolidate, merge or transfer assets.

In addition, certain of our senior credit facilities require us to maintain specified ratios and satisfy specified financial tests. Our ability to meet these financial ratios and tests may be affected by events beyond our control and, as a result, we may not be able to meet these ratios and tests. In the event of a default under our senior credit facility, the lenders could terminate their commitments and declare all amounts owed to them to be due and payable. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions may, as a result, be accelerated and become due and payable. We may be unable to pay these debts in such circumstances. If we were unable to repay those amounts, lenders could proceed against the collateral granted to them to secure repayment of those amounts. The collateral may not be sufficient to repay in full those amounts and amounts owing to the holders of the Notes. The operating and financial restrictions and covenants in these agreements may adversely affect our ability to finance our future operations or capital needs, engage in other business activities that may be in our interest, or react to adverse market developments.

An active trading market may not develop for the Notes.

The Notes are new securities for which there is currently no existing market. Although we intend to apply to list the Notes on the Singapore Stock Exchange, we cannot provide you with any assurances that the Notes will be or remain listed. A liquid market may not develop for the Notes, and the holders of the Notes may not be able to sell them at a profitable price. The liquidity for any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition and results, as well as recommendations by securities analysts. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that have caused substantial price volatility. If a market for the Notes develops, such a market may be subject to similar disruptions.

The Notes are subject to restrictions on transfer.

The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Notice to Investors."

The indenture governing the Notes will contain periodic reporting requirements that will be different and less burdensome than would be applicable to us if we had agreed to register the Notes following the closing of the offering.

We do not presently file periodic reports and other information with the SEC, and the indenture governing the Notes will not require us to file such reports or other information. The indenture will require us to provide annual and quarterly reports to the holders of Notes and the trustee. The requirements of the indenture, however, will be more limited in certain respects than those applicable to public companies under the Exchange Act. See "Description of the Notes—Certain Covenants—Reports to Holders."

The Issuer and the Guarantors may incur substantially more debt, which could further exacerbate the risks associated with our indebtedness.

The Issuer may be able to incur substantial additional debt in the future. Although the agreements governing the Issuer and the Guarantors' outstanding indebtedness contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prevent the Issuer or the Guarantors from incurring obligations that do not constitute "indebtedness" as defined in the relevant documents. Adding new debt to our current indebtedness levels would increase our leverage. The related risks that we now face could intensify.

The Issuer may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture.

Upon the occurrence of a change of control event (as defined in the indenture), the Issuer will be required to offer to purchase all outstanding Notes at 101% of their principal amount plus accrued and unpaid interest to the

date of repurchase. Upon such a change of control event, the Issuer may not have sufficient funds available to repurchase all of the Notes tendered pursuant to this requirement. In addition, the Issuer may be prohibited by future credit facilities from repurchasing any of the Notes unless the lenders thereunder consent to such repurchase. The Issuer's failure to repurchase the Notes would be a default under the indenture, which would, in turn, be a default under our credit facility and, potentially, other debt. If the payment of any debt were to be accelerated, we might be unable to repay these amounts or make the required repurchase of the Notes. See "Description of the Notes—Change of Control."

The interests of our controlling shareholder may differ from, and could conflict with, those of the holders of the Notes.

The interests of our controlling shareholder may differ from, and could conflict with, those of the holders of the Notes. Actions taken by the controlling shareholder may limit our flexibility to respond to market developments, to engage in certain transactions or to otherwise make changes to our business and operations, all of which may have a material adverse effect on our business, financial condition, results of operations and the Issuer's ability to repay the Notes.

Enforcing your rights as a noteholder or under the guarantees across multiple jurisdictions may prove difficult.

The Notes will be issued by the Issuer, which is a company limited by shares organized under the laws of the British Virgin Islands, and guaranteed by the Guarantors, which are organized under the laws of several different jurisdictions, including British Virgin Islands, Costa Rica, Ecuador, El Salvador, Guatemala, Belize, Jamaica, Honduras, Nicaragua, Panama, Paraguay, St. Lucia, Barbados, Bermuda, Trinidad & Tobago and the United States. Your rights under the Notes and the guarantees will be subject to the insolvency and administrative laws of several jurisdictions, and you may not be able to effectively enforce your rights in such complex, multi-jurisdictional bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of these various jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and other third-party and related-party creditors, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of these jurisdictions may not be as favorable to your interests as the laws of jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question what and how a particular jurisdiction's law should apply. Such issues may adversely affect your ability to enforce your rights under the Notes and the guarantees in these jurisdictions or limit any amounts that you may receive.

We cannot assure you that the credit ratings for the Notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the Notes may change after issuance. Such ratings are limited in scope and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Notes.

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

The Issuer is a company limited by shares organized under the laws of the British Virgin Islands, and its subsidiaries are organized under the laws of several different jurisdictions. It may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon the civil liability provisions of the U.S. securities laws. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws. We have also been advised by our local counsel, Hunte & Co., that the United States and the British Virgin Islands do not have a treaty or statutory regime providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. However, we are advised that a final and conclusive monetary judgment for a definite sum against a British Virgin Islands company by a competent court in the United

States (federal or state court) may be enforced as a debt at common law so that no retrial of the issues would be necessary provided that: (a) the relevant United States court had jurisdiction in the matter and the British Virgin Islands company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; (b) the judgment given by the relevant United States court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations; (c) the judgment was not procured by fraud; (d) recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy; and (e) the proceedings pursuant to which the judgment was obtained were not contrary to natural justice.

A judgment by a federal or state court of the United States against the Issuer will be regarded by a British Virgin Islands court only as evidence of the outcome of the dispute to which such judgment relates, and a British Virgin Islands court may choose to rehear the dispute. This may also be the case in jurisdictions where certain of the guarantors are organized. Uncertainty exists as to whether courts in the British Virgin Islands or in the jurisdictions of certain guarantors will enforce judgments obtained in other jurisdictions (including the United States) against the Issuer or its directors or officers under the securities laws of those jurisdictions or entertain actions in the British Virgin Islands or such jurisdictions against us or our directors or officers under the securities laws of other jurisdictions.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the Notes, after deducting the initial purchasers' discount and estimated offering expenses payable by us, will be approximately US$345.6 million. We intend to use the net proceeds from the sale of the Notes to repay short- and long-term loans, and the remainder, if any, for general corporate purposes.

CAPITALIZATION

The following table sets forth our debt and capitalization as of December 31, 2016, derived from our unaudited interim consolidated financial information on an actual basis and on an as adjusted basis, to give effect to the issuance of Notes offered hereby and the use of proceeds thereof as described in "Use of Proceeds."

You should read this table together with the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited interim consolidated annual financial statements and the notes thereto included elsewhere in this offering memorandum.

As of December 31, 2016, our total consolidated debt after giving effect to the consummation of this offering and the use of net proceeds received therefrom would have been US$789.1 million. For a description of the indebtedness that will remain outstanding upon the completion of this offering, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Indebtedness."

	As of December 31, 2016	
	Actual	As Adjusted(2)
	(thousands of U.S. dollars)	
Cash and cash equivalents	53,202	53,202
Notes payable	–	–
Short-term debt:		
Short-term debt	178,422	86,878
Long-term debt:		
Indebtedness (long-term position)	448,173	250,109
Current portion of long-term debt	155,124	102,155
Notes offered hereby	–	350,000
Total debt less unamortized transaction costs (carrying value)	781,719	789,143
Total equity(1)	579,515	579,515
Total capitalization (notes payable, long-term debt and total equity)	1,361,854	1,368,658
Total debt comprised of:		
Company and Subsidiary Guarantors (excluding Unicomer (Jamaica) Limited)	679,506	686,930
Unicomer (Jamaica) Limited	52,280	52,280
Non-Subsidiary Guarantors	49,933	49,933
	781,719	789,143
Secured portion – Subsidiary Guarantors	245,164	235,567
Secured portion – non-Subsidiary Guarantors	9,469	9,469

(1) Total equity includes share capital, hedge reserve, retained earnings including statutory reserves and currency translation reserve.

(2) As adjusted amounts reflect the repayment of US$342.6 million of debt and the incurrence of an additional US$350.0 million in debt pursuant to this offering. After application of net proceeds, Total debt less unamortized transaction costs as of December 31, 2016 will be adjusted as follows.

	As of December 31, 2016	
	Actual	As Adjusted
	(thousands of U.S. dollars)	
Short-term debt:		
Short-term debt	178,422	86,878
Long-term debt:		
Long-term portion of long-term debt	448,173	250,109
Current portion of long-term debt	155,124	102,155
Notes offered hereby	–	350,000
Total debt comprised of:		
Company and Subsidiary Guarantors (excluding Unicomer (Jamaica) Limited)	679,506	686,930
Unicomer (Jamaica) Limited	52,280	52,280
Non-Subsidiary Guarantors	49,933	49,933
	781,719	789,143
Secured portion – Subsidiary Guarantors	245,164	235,567
Secured portion – non-Subsidiary Guarantors	9,469	9,469

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

You should read the following selected consolidated financial information and other data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our audited consolidated financial statements and related notes included elsewhere in this offering memorandum and our unaudited interim consolidated financial statements and related notes included elsewhere in this offering memorandum. Historical results are not necessarily indicative of results for any future period.

Our financial statements have been prepared in accordance with IFRS, which differ in certain significant respects from U.S. GAAP. See "Presentation of Financial and Other Information."

The selected consolidated financial information as of and for the fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012 has been derived from our audited consolidated financial statements included elsewehere in this offering memorandum.

The summary unaudited interim consolidated information as of December 31, 2016 and for the nine months ended December 31, 2016 and 2015 has been derived from our unaudited interim consolidated financial statements included elsewehere in this offering memorandum. Results of operations for the interim periods are not necessary indicative of the results that might be expected for any other interim period or for an entire year.

	Nine months ended December 31,		Fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
	(thousands of U.S. dollars)						
Consolidated Statement of Operations Data:							
Sales	943,957	896,307	1,120,567	1,084,862	1,073,972	896,111	648,461
Cost of goods sold	(664,420)	(643,279)	(802,882)	(781,840)	(786,882)	(650,627)	(452,461)
Gross profit on sales	279,537	253,028	317,685	303,022	287,090	245,484	196,000
Premium income (1)	13,324	13,231	17,835	22,065	19,023	18,822	16,971
Finance income earned on credit sales	287,124	272,191	369,034	346,149	338,645	288,144	195,912
Total gross profit	579,985	538,450	704,554	671,236	644,758	552,450	408,883
Distribution and selling expenses (2)	(368,264)	(354,877)	(464,965)	(439,866)	(413,266)	(329,653)	(234,280)
Administrative expenses	(81,271)	(68,970)	(86,712)	(86,391)	(85,934)	(84,669)	(69,165)
Other operating income, net	3,709	5,561	1,306	4,268	5,143	5,281	5,724
Operating profit	134,159	120,164	154,183	149,247	150,701	143,409	111,162
Gain on repurchase of PIK loans	–	–	–	–	–	–	–
Financial income	647	205	429	967	1,331	921	1,294
Financial expense	(40,956)	(35,735)	(49,398)	(51,614)	(50,137)	(38,832)	(28,826)
Financial expense – equity instrument	–	–	–	–	–	–	–
Foreign exchange (losses)/gains and other charges	(5,225)	(4,011)	(4,950)	(1,710)	(12,058)	(9,452)	(2,157)
Profit before income tax	88,625	80,623	100,264	96,890	89,837	96,046	81,473
Income tax expense	(24,186)	(22,294)	(25,854)	(23,158)	(22,821)	(25,961)	(22,259)
Profit for the period	**64,439**	**58,329**	**74,410**	**73,732**	**67,016**	**70,085**	**59,214**

(1) Premiums are calculated based upon the sum insured for consumer payment protection. Premiums or 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.

(2) Includes operating lease expenses of $49.1 million, $45.6 million, $56.2 million, $51.3 million, $47.2 million, $39.7 million and $24.7 million for the nine months ended December 31, 2016 and 2015, and for the fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012, respectively.

LTM Operating Profit	
March 31, 2016	154,183
(+) December 31, 2016	134,159
(-) December 31, 2015	120,164
December 31, 2016 LTM	**168,178**
March 31, 2015	149,247
(+) December 31, 2015	120,164
(-) December 31, 2014	113,331
December 31, 2015 LTM	**156,080**

	As of December 31,	As of March 31,				
	2016	2016	2015	2014	2013	2012
		(thousands of U.S. dollars)				
Consolidated Balance Sheet Data:						
Current assets:						
Cash and cash equivalents	53,202	38,716	38,323	42,060	75,060	48,022
Short term investments, available for sale	–	–	–	–	–	6,199
Accounts receivable, net	640,485	587,529	544,789	533,799	460,424	325,241
Accounts receivable – related companies	14,833	14,883	12,001	2,325	4,993	213
Other receivables and prepayments	69,244	47,525	39,824	37,146	29,718	22,031
Inventories	282,151	231,903	230,893	212,259	202,564	159,323
Deferred policy acquisition costs	25,523	25,427	24,048	20,397	13,632	5,894
Prepaid income tax	5,269	8,826	7,324	6,893	6,551	4,502
Total current assets	1,090,707	954,809	897,202	854,879	792,942	571,425
Non-current assets:						
Accounts receivable, net	284,576	248,580	222,177	210,147	214,931	183,437
Loan receivable – related company	10,433	8,104	7,805	8,805	6,803	–
Property and equipment, net	161,744	153,580	146,014	151,617	136,775	120,492
Goodwill	72,546	73,702	60,005	59,072	62,830	21,159
Intangible assets	156,697	156,364	130,628	121,923	130,356	44,328
Retirement benefits assets	3,281	3,307	3,873	2,203	5,122	5,690
Deferred tax assets	29,829	26,222	25,910	24,320	16,318	11,539
Other assets	3,361	2,104	1,860	2,959	4,036	2,758
Total non-current assets	722,467	671,963	598,272	581,046	577,171	389,403
Total assets	**1,813,174**	**1,626,772**	**1,495,474**	**1,435,925**	**1,370,113**	**960,828**
Current liabilities:						
Bank Overdrafts, secured	39	20	–	–	–	–
Short-term borrowings	178,422	106,948	51,851	98,482	141,892	33,810
Current portion of long-term borrowings	155,124	162,143	178,857	136,231	121,666	87,214
Deposits from customers	–	–	–	–	–	–
Accounts payable	184,815	139,042	131,764	111,003	104,953	60,951
Accounts payable - related companies	2,800	8,989	3,000	2,506	1,883	3,655
Bonuses payable	1,812	2,808	3,345	5,571	2,585	1,931
Unearned premiums	72,999	66,914	66,571	63,016	49,665	31,241
Dividend payable including interest	–	–	–	–	–	–
Other accounts payable and accruals	79,072	69,892	63,904	63,381	60,131	62,315
Current income tax liabilities	16,769	19,194	19,241	15,134	16,753	14,209
Provisions for warranties	7,212	6,102	5,578	4,134	4,174	3,931
Total current liabilities	699,064	582,052	524,111	499,458	503,702	299,257
Non-current liabilities:						
Long-term borrowings	448,173	418,437	394,126	422,536	396,275	265,603
Deferred warranty income	57,209	52,041	46,953	39,360	27,731	20,403
Bonuses payable	4,809	3,020	1,370	–	1,908	787
Employee benefits obligations	10,308	10,003	9,216	8,442	5,453	4,003
Derivative liabilities	–	–	–	–	–	–
Deferred tax liabilities	14,096	13,512	15,413	17,925	18,073	14,575
Financial equity instrument	–	–	–	–	–	–
Total non-current liabilities	534,595	497,013	467,078	488,263	449,440	305,371
Total liabilities	**1,233,659**	**1,079,065**	**991,189**	**987,721**	**953,142**	**604,628**
Equity:						
Share capital	181,144	181,144	181,144	181,144	181,144	181,144
Fair value reserve	–	–	–	–	–	–
Hedge reserve	–	–	–	–	(232)	(60)
Retained earnings (including statutory reserve)	479,656	434,460	379,720	322,022	267,229	197,144
Currency translation reserve	(81,285)	(67,897)	(56,579)	(54,962)	(31,170)	(22,028)
Total equity	**579,515**	**547,707**	**504,285**	**448,204**	**416,971**	**356,200**
Total liabilities and equity	**1,813,174**	**1,626,772**	**1,495,474**	**1,435,925**	**1,370,113**	**960,828**

Other Data

	As of and for the nine months ended December 31,		As of and for the fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
	(thousands of U.S. dollars, except as otherwise indicated)						
Selected Segment Financial Data:							
Segment Total Revenues:							
Operations in Latin America	802,996	766,709	989,261	966,331	963,182	762,425	445,628
Operations in the Caribbean	434,535	408,662	512,162	489,525	465,736	433,471	410,821
Operations in the United States	6,874	6,358	8,239	7,567	7,358	7,216	5,563
Total segment revenues	1,244,405	1,181,729	1,509,662	1,463,423	1,436,276	1,203,112	862,012
Unallocated operations	-	-	(2,226)	(10,347)	(4,636)	(35)	(668)
Total consolidated revenues	1,244,405	1,181,729	1,507,436	1,453,076	1,431,640	1,203,077	861,344
Segment Adjusted EBITDA (1):							
Operations in Latin America	64,273	58,909	72,400	88,707	90,070	74,485	32,732
Operations in the Caribbean	82,701	78,399	101,389	85,722	75,272	74,506	79,307
Operations in the United States	(1,143)	(921)	(855)	(652)	(1,244)	(844)	(1,181)
Total segment Adjusted EBITDA	145,831	136,387	172,934	173,777	164,098	148,147	110,858
Unallocated operations	10,224	4,251	7,795	1,767	10,015	14,757	12,770
Total consolidated Adjusted EBITDA	156,055	140,638	180,729	175,544	174,113	162,904	123,628
Other Financial Data:							
Product credit sales	491,958	482,184	598,987	626,513	656,596	568,140	377,836
Accounts receivable, net	925,061	865,783	836,109	766,966	743,946	675,355	508,678
Allowance for doubtful accounts	(60,828)	(59,510)	(62,868)	(52,537)	(41,622)	(33,639)	(25,409)
Allowance for doubtful accounts as a percentage of total accounts receivable	6.2%	6.4%	7.0%	6.4%	5.3%	4.7%	4.8%
Debtors' expense as a percentage of total accounts receivable	5.5%	5.8%	8.1%	8.7%	7.7%	5.6%	4.6%
Non-performing loans (2)	6.9%	6.6%	6.9%	6.7%	6.2%	5.1%	4.7%
Growth and Profitability Ratios:							
Total sales growth	5.3%	3.5%	3.3%	1.0%	19.8%	38.2%	25.7%
Same-store sales growth	(0.2%)	(0.6%)	(1.2%)	(4.4%)	2.3%	2.3%	9.0%
Gross margin	29.6%	28.2%	28.4%	27.9%	26.7%	27.4%	30.2%
Adjusted EBITDA margin (3)	12.5%	11.9%	12.0%	12.1%	12.2%	13.5%	14.4%
Operating profit margin	10.8%	10.2%	10.2%	10.3%	10.5%	11.9%	12.9%
Profit margin	5.2%	4.9%	4.9%	5.1%	4.7%	5.8%	6.9%
Credit Ratios:							
Total debt as percentage of total capitalization (5)	57.4%	56.2%	55.7%	55.3%	59.5%	61.3%	52.0%
Total debt to LTM operating profit (9)	4.6x	4.5x	4.5x	4.2x	4.4x	4.6x	3.5x
Net debt to LTM operating profit (11)	4.3x	4.2x	4.2x	3.9x	4.1x	4.1x	3.0x
					6	6	3
Total Debt	781,758	695,764	687,548	624,834	57,249	59,833	86,627
LTM Adjusted EBITDA (4) (10)	196,146	183,573	180,729	175,544	174,113	162,904	123,628
Total debt to Adjusted EBITDA (4)(13)	4.0x	3.8x	3.8x	3.6x	3.8x	4.1x	3.1x
					6	5	3
Net Debt (6)	728,556	662,943	648,832	586,511	15,189	84,773	38,605
Net debt to LTM Adjusted EBITDA (4)(12)	3.7x	3.6x	3.6x	3.3x	3.5x	3.6x	2.7x
			1	1	1	1	1
Adjusted EBITDA	156,055	140,638	80,729	75,544	74,113	62,904	23,628
Net interest expense	(40,309)	(35,530)	(48,969)	(50,647)	(48,806)	(37,911)	(27,532)
Adjusted EBITDA to net interest expense	3.9x	4.0x	3.7x	3.5x	3.6x	4.3x	4.5x
					4	3	2
Capital expenditures	42,731	32,187	49,302	35,756	4,066	9,299	3,985
Adjusted EBITDA minus capital expenditures to net interest expense (4)(7)	2.8x	3.1x	2.7x	2.8x	2.7x	3.3x	3.6x

	As of and for the nine months ended December 31,		As of and for the fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
	(thousands of U.S. dollars, except as otherwise indicated)						
Other Operating Data:							
Number of retail stores	1,061	977	992	901	840	790	605
Total retail area at end of period (sq. ft.)	4,229,977	4,110,001	4,096,931	3,966,523	3,809,974	3,525,100	2,529,502
Total store area at end of period (sq. ft.)	4,204,425	4,093,804	4,077,267	3,958,713	3,809,974	3,525,100	2,529,502
Product sales per average store area (US$/sq. ft.))(8)	208	202	256	267	283	287	260

(1) Adjusted EBITDA as such term used in this offering memorandum consists of adding back to profit for the period, the income tax, financial expenses, foreign exchange loss net, depreciation, amortization and impairment of property and goodwill if any and deducting finance income of the period and is used as a measure of our segment financial performance that we believe indicates profitability in continuing business activities.

(2) Non-performing loans are defined as the total balance of any accounts that have an installment past-due for 90 days or more and do not include unearned interest.

(3) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenues.

(4) Adjusted EBITDA is not a U.S. GAAP or IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to operating income as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of Adjusted EBITDA may not be comparable to Adjusted EBITDA as used by other companies.

(5) Total capitalization is calculated as total debt plus total stockholders' equity.

(6) Net debt is calculated by subtracting cash and cash equivalents from total debt.

(7) Capital expenditures include fixed assets and software but exclude those arising from acquisitions.

(8) Average store area excludes La Curacao Cash area.

(9) LTM operating profit calculations consist of adding operating profit for the nine months ended December 31 of the relevant year to the operating profit for the fiscal year ended March 31 of the relevant year less the operating profit for the nine months ended December 31 of the prior year. LTM calculations are only for the nine months ended December 31, 2016 and 2015.

(10) LTM Adjusted EBITDA calculations consist of adding Adjusted EBITDA for the nine months ended December 31 of the relevant year to the Adjusted EBITDA for the fiscal year ended March 31 of the relevant year less Adjusted EBITDA for the nine months ended December 31 of the prior year. LTM calculations are only for the nine months ended December 31, 2016 and 2015.

(11) Net Debt to LTM operating profit is defined as Net Debt divided by LTM Operating Profit.

(12) Net Debt to LTM Adjusted EBITDA is defined as Net Debt divided by LTM Adjusted EBITDA.

(13) Total Debt to LTM Adjusted EBITDA is defined as Total Debt divided by LTM Adjusted EBITDA.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to our audited consolidated financial statements and the related notes thereto included in this offering memorandum beginning on page F-1. The following discussion should be read in conjunction with "Summary Financial and Operating Data" and "Selected Financial and Operating Data." The discussions in this section contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed below. See "Forward-Looking Statements" and "Risk Factors."

Unless otherwise indicated, all financial data and discussions relating thereto in this discussion and analysis are based upon financial statements prepared in accordance with IFRS.

Overview

We are a leading retailer of durable consumer goods, including home appliances, consumer electronics, furniture, motorcycles, mobile devices, computer equipment and optical wear in our Latin American and our Caribbean markets, fulfilling families' different purchasing needs. In these markets, which we refer to as our established markets, we have achieved a market share of 20% or more in each of the countries where we operate, except in Ecuador, Paraguay, Dominican Republic, Curaçao, Bonaire, St. Maarten and the United States. We target the middle- and lower-middle-income segments of the Latin American and Caribbean populations in the countries where we operate and the Hispanic and Caribbean population in Texas and New York.

We are owned 50% by Infotech of The Caribbean and Central America Corp. (which is 100% controlled by Milady Associates Ltd.) and 50% by Gromeron, SLU (which is 100% controlled by El Puerto de Liverpool S.A.B. de C.V. ("Liverpool"), a leading Mexican retailer). Through a shareholders' agreement, Infotech of The Caribbean and Central America Corp. has control of our operations. Our shareholders boast extensive expertise, with a successful history that dates back to the 1850s.

As of December 31, 2016, we served customers in 24 countries throughout Latin America and the Caribbean and operated 1,061 stores with more than 4.2 million square feet of retail space under various brands. Our current business structure is the result of four large-scale acquisitions as well as organic expansion throughout our 17 years of existence. We believe that we have strong, highly-recognized store brands—some with presence since the 1950s—that are associated with a comprehensive product portfolio, low prices, personalized customer service and convenient consumer financing programs.

We strive to integrate our operations so that we can function as one seamless company across the 24 countries in which we operate. Our retail and back-office operations are centralized for all of our countries so that we can manage operations and monitor store, chain and country performance efficiently. In addition, management shares best practices in-country, within each region and across regions. We have focused on strengthening our organizational capabilities in order to respond to the challenges of serving the demands of international markets and have based our business objectives on four strategic pillars: (i) profitable and sustainable growth, (ii) operational excellence, (iii) talent development, and (iv) customer-centered organization. These pillars ensure alignment throughout our organization and maximize synergies across our operations. Following the accelerated growth we have experienced in the last two years, we are in the process of consolidating our corporate governance practices in order to ensure that our business model functions seamlessly throughout our operations.

Our integrated business model includes sales of goods, consumer finance, extended warranties, credit protection insurance and post-sale repair services. The positive cash flows that result from our operations enable us to provide financing to customers through our profitable in-house credit division. Through our in-house credit operations, we financed 57.1% of our customer sales for the nine months ended December 31, 2016. We have more than 1,457,000 active clients in our credit portfolio and have, in many cases, long-standing credit relationships with customers that span several generations. Our target customers are in the segment of the population that typically has had little or no access to consumer credit, and our installment sales program responds to these customers' needs with a wide variety of payment alternatives. Our long history and experience with clients in our established markets, combined with our customer service operations, allow us to manage our credit portfolio effectively by mitigating credit risk even during economic downturns, political turmoil or natural disasters. Non-performing loans, defined as the loan balances of

accounts with an installment past due more than 90 days of delinquency, and which include both credit sales and cash loans portfolios, represented 6.9% of our overall portfolio as of December 31, 2016.

Overview of Our Results of Operations

Sales

We generate revenues from our retail operations primarily through the sale of durable consumer goods, such as home appliances, consumer electronics, furniture, mobile devices, computer equipment, certain specialty products such as motorcycles, optical wear and others, as well as from financing customer sales, cash loans, sale of extended warranty contracts and other insurance products.

Revenue from retail sales is recognized upon completion of the revenue recognition process, which occurs when merchandise is shipped or delivered to customers in accordance with the terms of a sales contract in our Caribbean markets and upon invoicing in our Latin American markets, when there is a fixed or determinable sales price, when title and risk of loss have been transferred (which happens at the time of delivery in our Latin American markets and after the customer has paid approximately 70% of the installment purchase price in our Caribbean markets), and when collectability is reasonably assured.

We offer our customers an option to pay in monthly installments over time, rather than in cash at the time of purchase. As of December 31, 2016, sales under our credit sales program accounted for 57.1% of our total sales.

In accordance with IAS 18, "Revenue", the Company recognizes revenue as comprising the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Unicomer Group. Revenue is recognized as follows:

- *Sales of goods.* Sales are recognized when a Unicomer Group entity has delivered the product to the customer, the customer has accepted the product and collection of the related receivable is reasonably assured. Sales are usually financed by the Unicomer Group, and some are settled in cash or by credit card. The recorded revenue is the fair value amount receivable, less sales returns and discounts. Credit card fees are included in distribution and selling expenses.

- *Premiums.* 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.

- *Finance income.* Interest incorporated in the price of credit sales, or, as is the practice in some countries, separate financing granted by the Unicomer Group, is recognized under the effective interest method.

- *Sales of extended warranty contracts.* 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 are similarly deferred and amortized.

In Latin America and the Caribbean, the retail prices of our products are competitive with the prevailing market prices of the various types of products offered. Our installment sales program considers various factors, including, among others, the repayment period, the customer's credit history and the type of product. Installment payments displayed at our stores are typically calculated using 12-, 24- and 36-month terms, with other credit plans available to suit the customer's preferences within our credit policy. As a result, sales on credit generate gross operating margins above those yielded by our cash sales.

The following table shows certain of our financial and operating data as of and for the nine months ended December 31, 2016 and 2015 and for the fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012.

	As of and for the nine months ended December 31,		As of and for the fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
Number of retail stores	1,061	977	992	901	840	790	605
Total revenues (millions of US$)	1,244.4	1,181.7	1,507.4	1,453.1	1,431.6	1,203.1	861.3
Total retail area (sq. ft.)	4,229,977	4,110,001	4,096,931	3,966,523	3,809,974	3,525,100	2,529,502
Total store area (sq. ft.)	4,204,425	4,093,804	4,077,267	3,958,713	3,809,974	3,525,100	2,529,502
Total revenues per store area (US$/ sq. ft.)	294	288	368	366	376	341	341
Total revenues per average store area (US$/sq. ft.)	298	288	374	368	390	397	366
Product sales per average store area (US$/sq. ft.) (1)	208	202	256	267	283	287	260
Same-store sales growth (percentage)	(0.2%)	(0.6%)	(1.2%)	(4.4%)	2.3%	2.3%	9.0%
Profit margin	5.2%	4.9%	4.9%	5.1%	4.7%	5.8%	6.9%
Profit for the period (millions of US$)	64.4	58.3	74.4	73.7	67.0	70.1	59.2
Adjusted EBITDA (millions of US$) (2)	156.1	140.6	180.7	175.5	174.1	162.9	123.6
Adjusted EBITDA margin (percentage) (3)	12.5%	11.9%	12.0%	12.1%	12.2%	13.5%	14.3%

(1) Product sales (excluding extended warranties) per average square foot. Average store area excludes La Curacao Cash area.

(2) Adjusted EBITDA is not a U.S. GAAP or IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to operating income as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of Adjusted EBITDA may not be comparable to Adjusted EBITDA as used by other companies. Adjusted EBITDA as such term is used in this offering memorandum consists of adding back to profit for the period, the income tax, financial expenses, foreign exchange loss net, depreciation, amortization and impairment of property and goodwill if any and deducting finance income of the period.

(3) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenues.

Our total sales per square foot are an indicator of the performance of our stores. Our sales area is measured in square feet and is a parameter in the calculation of the sales productivity of our stores. The following table shows our stores' sales area and performance.

	As of and for the nine months ended December 31,		As of and for the fiscal year ended March 31,		
	2016	2015	2016	2015	2014
Stores in Latin America	873	817	829	753	696
Stores in Caribbean	183	156	159	144	140
Stores in United States	5	4	4	4	4
Total number of stores	1,061	977	992	901	840
Total sales area in Latin America(1)	3,214,296	3,175,396	3,162,009	3,053,775	2,912,338
Total sales area in Caribbean(1)	961,591	890,472	887,323	877,002	869,700
Total sales area in United States(1)	28,539	27,936	27,936	27,936	27,936
Total sales area(1)	4,204,425	4,093,804	4,077,267	3,958,523	3,809,974
Latin American sales per square foot(2)	181	178	229	246	261
Caribbean sales per square foot(2)	302	290	354	345	361
United States sales per square foot(2)	129	118	151	143	233
Latin America growth in same-store sales	(0.8%)	(1.5%)	(2.3%)	(5.6%)	3.9%
Caribbean growth in same-store sales	0.9%	1.2%	1.4%	(1.3%)	(0.2%)
United States growth in same-store sales	8.6%	5.7%	4.9%	(7.0%)	(0.9%)

(1) In square feet.

(2) Product sales (excluding extended warranties) per average square foot in U.S. dollars. Square foot excludes La Curacao Cash area.

We provide sales by category in the table below.

	Nine months ended December 31,		Fiscal Year ended March 31,		
	2016	2015	2016	2015	2014
	(thousands of U.S. dollars)				
Major Appliances	247,432	242,285	300,849	280,236	271,090
Electronics	166,498	163,637	193,863	234,665	233,820
Furniture	105,148	105,200	189,270	185,431	191,649
Personal Electronics and Computers	134,757	140,343	179,530	181,369	198,071
RadioShack	6,955	3,705	5,052	5,786	5,888
Other (1)	200,180	170,346	160,978	150,473	138,400
Total (2)	**$ 860,970**	**$ 825,516**	**$ 1,029,542**	**$ 1,037,960**	**$ 1,038,918**

(1) Other includes motorcycles, optical wear, sports equipment, small domestic appliances, sales of repossessed products, installation services, commissions on export sales, repair parts and services, among others.

(2) Total product sales exclude extended warranties.

In 2016, we increased the total number of our retail stores by 91, or 10.0%, to 992 retail stores as of March 31, 2016. In 2015, we increased the total number of our retail stores by 61, or 7.3%, to 901 retail stores as of March 31, 2015, from 840 as of March 31, 2014. Our total store area increased by 118,554 square feet in fiscal year 2016, or 3.0%, to 4,077,267 square feet as of March 31, 2016, from 3,958,713 square feet as of March 31, 2015. This increase was mainly due to organic growth and expansion of our Courts Optical chain in the Caribbean region, our cash stores and to our acquisition of Electrofácil in Paraguay as well as to the expansion of our traditional chains.

Latin American retail sales per square foot decreased by $16, or 6.6%, to $229 in the fiscal year ended March 31, 2016 from $246 for the fiscal year ended March 31, 2015, as a result of the impact of the deteriorating economic situation in Ecuador. Caribbean retail sales per square foot increased $9, or 2.7%, to $354 in fiscal year 2016 from $345 in fiscal year 2015, due mainly to an increase of 0.9% in same-store sales as a result of the maturity of our Courts Optical stores in Jamaica and Trinidad as well as the continued expansion of such chains in other countries in our Caribbean market. United States retail sales per square foot increased $8, or 5.6%, to $151 in fiscal year 2016, from $143 in fiscal year 2015, as a result of a better economic situation in the United States that positively affected expenditures by the migrant population.

Seasonality

Despite seasonality in this industry, we have not produced any quarters during the past two years with negative net income. We recognize a substantial percentage of our total sales across all of our business segments in the second and fourth quarters of the calendar year as a result of increased consumer spending associated with Mother's Day and the Christmas holiday season. Unlike product sales, we recognize other revenues from previous commercial activities in the form of deferred income from extended warranties and premium income fairly constantly throughout the fiscal year. Similarly, our operating costs (excluding the cost of the merchandise sold), distribution costs and a portion of our marketing and advertising expenses are relatively constant throughout the year and therefore generally do not correlate with our sales percentage.

Cost of Sales

The main component of our cost of sales is the acquisition cost of the merchandise sold in our stores. IFRS provide that the cost of inventories includes all costs derived from their acquisition and transformation. Import duties, transportation, commercial discounts, rebates and other similar items affect acquisition cost. Under IFRS, the cost of the impairment allowance for obsolete or damaged inventories is a component of cost of sales, as is the cost of inventory differences.

We recognize our cost of sales as of the date we recognize the sale of the relevant products.

Operating Expenses

The main components of our operating expenses, which comprise selling expenses and administrative expenses, are personnel expenses (including employees' salaries, commissions and benefits), advertising expenses, impairment of accounts receivable, operating leases and distribution expenses.

As of March 31, 2016, we had more than 900 short- and long-term lease agreements in place. Most of our leased properties are retail stores, and some others are for office space and warehouse facilities. As of March 31, 2016 and March 31, 2015, our total rental expense amounted to $56.2 million and $51.3 million, respectively.

Financial Expenses

Our financial expenses have a material effect on our financial statements during periods of high inflation or fluctuation in the exchange rate of the currencies in the countries in Latin America and the Caribbean in which we operate against the U.S. dollar. Our financial expenses consist of interest income, interest expense, foreign exchange gains or losses attributable to our foreign-denominated monetary assets and liabilities and gains or losses in monetary position from the holding of monetary assets and liabilities. Our foreign exchange position is affected by our foreign-denominated assets and liabilities. We recognize a foreign exchange gain or loss in the event of an increase or decrease in the exchange rate of the U.S. dollar against the currencies in which our assets and liabilities are denominated.

As a company policy, we match the currency denomination of financial debt in the countries with the functional currency of our operations and the denomination of the accounts receivable portfolios. As of December 31, 2016, this was the case in all of our operating countries, except for Barbados, Costa Rica and the OECS region, where the operations are partially financed with U.S. dollar denominated inter-company debt. In Nicaragua, the local currency denominated debt fluctuates, pursuant to provisions in the loan agreements, with the U.S. dollar foreign exchange rate. As a result of this company policy, we limit the foreign exchange expense risk on financial debt. We partly hedge variable interest rates on U.S. dollar denominated debt. As of December 31, 2016 and March 31, 2016, we had interest rate cap in place for debt in an amount of $40 million.

Income Tax

The main components of our income tax are income taxes levied in our countries of operation. Income tax rates vary from one country to another and are subject to changes in the tax laws of each such country or state. Our income tax includes both our accrued and deferred taxes and we determine the deferred tax assets or liabilities, and related income/expense for deferred income taxes, for temporary differences between the carrying values for financial reporting and tax values of assets and liabilities. Our effective tax rates for the fiscal years ended March 31, 2016, 2015 and 2014, and for the nine months ended December 31, 2016 were 25.8%, 23.9%, 25.4% and 27.3%, respectively.

Operating Results by Geographic Segment

We manage and evaluate our operations through three geographic segments: Latin America, Caribbean and United States. We control and evaluate our operations on a consolidated basis. Our operations are carried out through our subsidiary companies.

The following table shows our total sales by geographic segment, as a percentage of our total sales, and our Adjusted EBITDA by geographic segment, for the nine months ended December 31, 2016 and 2015 and the fiscal years ended March 31, 2016, 2015 and 2014.

	Nine months ended December 31,				For the fiscal year ended March 31,					
	2016		2015		2016		2015		2014	
					(thousands of U.S. dollars)					
		%		%		%		%		%
Total Sales by Segment:										
Latin America	$ 620,250	65.7	$ 596,471	66.5	$ 755,603	67.5	$ 749,736	69.1	$ 749,325	69.8
Caribbean	318,811	33.8	295,283	32.9	359,177	32.1	329,583	30.4	319,358	29.7
United States	4,896	0.5	4,553	0.5	5,787	0.5	5,543	0.5	5,536	0.5
Subtotal	943,957	100.0	896,307	100.0	1,120,567	100.0	1,084,862	100.0	1,074,219	100.0
Unallocated sales	0	0	0	0.0	0	0	0	0.0	(247)	(0.0)
Total sales	**943,957**	**100.0**	**896,307**	**100.0**	**1,120,567**	**100.0**	**1,084,862**	**100.0**	**1,073,972**	**100.0**
Total Adjusted EBITDA:										
Latin America	64,273	41.2	58,909	41.9	72,400	40.1	88,707	50.5	90,070	51.7
Caribbean	82,701	53.0	78,399	55.7	101,389	56.1	85,722	48.8	75,272	43.2

	Nine months ended December 31,				For the fiscal year ended March 31,					
	2016		2015		2016		2015		2014	
					(thousands of U.S. dollars)					
		%		%		%		%		%
United States	(1,143)	(0.7)	(951)	(0.6)	(855)	(0.5)	(652)	(0.4)	(1,244)	(0.7)
Subtotal	145,831	93.4	136,387	97.0	172,934	95.7	173,777	99.0	164,098	94.2
Unallocated Adjusted EBITDA(1)	10,224	6.6	4,251	3.0	7,795	4.3	1,767	1.0	10,015	5.8
Total Adjusted EBITDA	**$156,055**	**100.0**	**$140,638**	**100.0**	**$ 180,729**	**100.0**	**$ 175,544**	**100.0**	**$ 174,113**	**100.0**
Profit margin		5.2		4.9		4.9		5.1		4.7

(1) Almost all of the unallocated Adjusted EBITDA results from the RWT Trading operation.

The following table shows our total revenues by geographic segment and by country, as well as the percentage of our total revenues, for the nine months ended December 31, 2016 and 2015 and the fiscal years ended March 31, 2016, 2015 and 2014.

	Nine months ended December 31,				For the fiscal year ended March 31,					
	2016		2015		2016		2015		2014	
					(thousands of U.S. dollars)					
		%		%		%		%		%
Latin America	**802,996**	**64.5**	**766,709**	**64.9**	**989,261**	**65.6**	**966,331**	**66.5**	**963,182**	**67.3**
Costa Rica	259,195	20.8	254,769	21.6	330,388	21.9	322,643	22.2	327,391	22.9
Ecuador	129,135	10.4	155,706	13.2	195,495	13.0	216,250	14.9	194,958	13.6
Guatemala	108,882	8.7	103,387	8.7	132,502	8.8	116,775	8.0	118,286	8.3
El Salvador	92,904	7.5	84,838	7.2	107,684	7.1	108,359	7.5	111,244	7.8
Nicaragua	89,549	7.2	83,587	7.1	108,350	7.2	107,278	7.4	104,896	7.3
Honduras	83,490	6.7	68,913	5.8	89,822	6.0	77,595	5.3	89,349	6.2
Dominican Republic	16,502	1.3	15,980	1.4	19,856	1.3	17,525	1.2	17,097	1.2
Paraguay	23,371	1.9		0.0	5,192	0.3		0.0		0.0
Eliminations	(32)	0.0	(471)	0.0	(28)	0.0	(94)	0.0	(39)	0.0
Caribbean	**434,535**	**34.9**	**408,662**	**34.6**	**512,162**	**34.0**	**489,525**	**33.7**	**465,736**	**32.5**
Jamaica	102,773	8.3	99,831	8.4	128,082	8.5	124,578	8.6	124,951	8.7
Trinidad	116,554	9.4	119,387	10.1	148,734	9.9	148,719	10.2	148,376	10.4
Barbados	33,983	2.7	29,770	2.5	38,385	2.5	34,393	2.4	34,179	2.4
Guyana	38,263	3.1	36,466	3.1	46,312	3.1	42,635	2.9	41,135	2.9
Belize	20,610	1.7	18,879	1.6	24,636	1.6	22,341	1.5	20,963	1.5
Antigua	8,812	0.7	7,193	0.6	9,294	0.6	8,213	0.6	7,623	0.5
Dominica	6,961	0.6	7,040	0.6	8,790	0.6	8,237	0.6	8,187	0.6
Grenada	10,639	0.9	9,685	0.8	12,168	0.8	11,289	0.8	10,497	0.7
St. Lucia	23,380	1.9	21,753	1.8	27,029	1.8	25,735	1.8	25,131	1.8
St. Kitts	6,683	0.5	6,059	0.5	7,579	0.5	7,109	0.5	6,279	0.4
St. Vincent	8,379	0.7	8,285	0.7	10,421	0.7	9,669	0.7	9,967	0.7
Aruba	13,920	1.1	13,128	1.1	16,115	1.1	7,950	0.5		0.0
Curaçao, Bonaire, St. Maarten	14,065	1.1		0.0		0.0		0.0		0.0
Canterbury	29,513	2.4	31,187	2.6	34,617	2.3	38,657	2.7	33,467	2.3
Eliminations									(5,019)	-0.4
USA	**6,874**	**0.6**	**6,358**	**0.5**	**8,239**	**0.5**	**7,567**	**0.5**	**7,358**	**0.5**
Subtotal	**1,244,405**	**100.0**	**1,181,729**	**100.0**	**1,509,662**	**100.1**	**1,463,423**	**100.7**	**1,436,276**	**100.3**
Unallocated revenues	-		-	0.0	(2,226)	-0.1	(10,347)	-0.7	(4,636)	-0.3
Total Revenues	**1,244,405**	**100.0**	**1,181,729**	**100.0**	**1,507,436**	**100.0**	**1,453,076**	**100.0**	**1,431,640**	**100.0**

Adjusted EBITDA Reconciliation

Adjusted EBITDA is a non-GAAP and non-IFRS financial measure. Adjusted EBITDA, as such term is used in this offering memorandum, consists of adding back to profit for the period, the income tax, financial expenses, foreign exchange loss net, depreciation, amortization and impairment of property and goodwill if any and deducting finance income of the period.

We believe that Adjusted EBITDA can be useful to facilitate comparisons of operating performance between periods and with other companies in our industry, but it has the following material limitations: (i) it does not include interest expense, which, because we have borrowed money to finance some of our operations, is a necessary and ongoing part of our costs and has assisted us in generating revenue; (ii) it does not include taxes, which are a

necessary and ongoing part of our operations; and (iii) it does not include depreciation, which, because we must utilize property and equipment in order to generate revenues in our operations, is a necessary and ongoing part of our costs.

We provide a reconciliation of profit for the fiscal years ended March 31, 2016, 2015 and 2014, and for the nine months ended December 31, 2016 and 2015 to Adjusted EBITDA in the table below.

	For the nine months ended December 31,		For the fiscal year ended March 31,		
	2016	2015	2016	2015	2014
			(thousands of U.S. dollars)		
Profit for the period	$ 64,439	$ 58,329	$ 74,410	$ 73,732	$ 67,016
Income tax	24,186	22,294	25,854	23,158	22,821
Financial income	(647)	(205)	(429)	(967)	(1,331)
Financial expense	40,956	35,735	49,398	51,614	50,137
Foreign exchange loss, net	5,225	4,011	4,950	1,710	12,058
Depreciation, amortization and impairment of property and goodwill	21,896	20,474	26,546	26,297	23,412
Adjusted EBITDA	**$ 156,055**	**$ 140,638**	**$ 180,729**	**$ 175,544**	**$174,113**

LTM Adjusted EBITDA

March 31, 2016	180,729
(+) December 31, 2016	156,055
(-) December 31, 2015	140,638
December 31, 2016 LTM	**196,146**
March 31, 2015	175,544
(+) December 31, 2015	140,638
(-) December 31, 2014	132,609
December 31, 2015 LTM	**183,573**

Results of Operations for the Nine Months Ended December 31, 2016 Compared to the Nine Months Ended December 31, 2015

The following table presents our consolidated results of operations for the periods indicated.

	Nine months ended December 31,	
	2016	2015
	(thousands of U.S. dollars)	
Consolidated Statement of Operations Data:		
Sales	$ 943,957	$ 896,307
Cost of goods sold	(664,420)	(643,279)
Gross profit on sales	279,537	253,028
Premium income	13,324	13,231
Finance income earned on credit sales	287,124	272,191
Total gross profit	579,985	538,450
Distribution and selling expenses	(368,264)	(354,877)
Administrative expenses	(81,271)	(68,970)
Other operating income, net	3,709	5,561
Operating profit	134,159	120,164
Financial income	647	205
Financial expense	(40,956)	(35,735)
Foreign exchange (losses)/gains and other charges	(5,225)	(4,011)
Profit before income tax	88,625	80,623
Income tax expense	(24,186)	(22,294)
Profit for the period	**$ 64,439**	**$ 58,329**

Overview. As of December 31, 2016, we had 1,061 stores, including 873 stores in our Latin American market, 183 stores in our Caribbean market and five stores in the United States.

Sales. Our sales increased by $47.6 million, or 5.3%, to $944.0 million for the nine months ended December 31, 2016 from $896.3 million for the nine months ended December 31, 2015, primarily as a result of our acquisitions of Electrofácil in Paraguay in December 2015 and OMNI in Curaçao, St. Maarten and Bonaire in April 2016, as well as growth from our existing operations ($17.0 million, or 1.9%). We had a decrease of 0.2% in same-store sales over the same time period.

Cost of Goods Sold. Our cost of goods sold increased by $21.1 million, or 3.3%, to $664.4 million for the nine months ended December 31, 2016 from $643.3 million for the nine months ended December 31, 2015, primarily as a result of the acquisitions of Electrofácil in Paraguay in December 2015 and OMNI in Curaçao, St. Maarten and Bonaire in April 2016. Cost of goods sold excluding these two acquisitions increased by 0.6%.

Gross Profit on Sales. Our gross profit on sales increased by $26.5 million, or 10.5%, to $279.5 million for the nine months ended December 31, 2016 from $253.0 million for the nine months ended December 31, 2015, primarily as a result of gross profits on sales attributable mostly to our acquisitions of Electrofácil in Paraguay in December 2015 and OMNI in Curaçao, St. Maarten and Bonaire in April 2016. Of our gross profit on sales, 54.6% was attributable to operations in Latin America, 32.4% to operations in the Caribbean market, 0.8% to operations in the United States and the remaining 12.2% is attributed to RWT, of which 6.6% is due to Canterbury and the remaining 5.6% is attributed to our operations of RWT, representing inter-company sales that are added to cost of goods sold in the countries.

Premium Income. Premium income increased by $0.1 million, or 0.7%, to $13.3 million for the nine months ended December 31, 2016 from $13.2 million for the nine months ended December 31, 2015, primarily as a result of the normal course of business of our credit protection insurance program in the Caribbean.

Finance Income Earned on Credit Sales. Finance income earned on credit sales increased by $14.9 million, or 5.5%, to $287.1 million for the nine months ended December 31, 2016 from $272.2 million for the nine months ended December 31, 2015, primarily as a result of increases in credit sales and cash loans, in comparison to the same period of the previous year.

Total Gross Profit. Our total gross profit increased by $41.5 million, or 7.7%, to $580.0 million for the nine months ended December 31, 2016 from $538.5 million for the nine months ended December 31, 2015, primarily as a result of all factors mentioned in the paragraphs above.

Operating Expenses. Our operating expenses increased by $25.7 million, or 6.1%, to $449.5 million for the nine months ended December 31, 2016 from $423.8 million for the nine months ended December 31, 2015. The following table presents the breakdown of our operating expenses for the periods indicated:

	Nine months ended December 31,		
	2016	2015	Percentage Change
	(thousands of U.S. dollars)		(%)
Personnel expenses	$ 184,994	$ 172,615	7.2
Accounts receivable impairment	53,978	53,396	1.1
Operating leases	49,084	45,586	7.7
Advertising	28,019	26,272	6.6
Depreciation of property and equipment	16,148	15,328	5.3
Amortization of intangible assets	5,748	5,146	11.7
Freight expenses	13,987	13,534	3.3
Professional fees	12,134	9,841	23.3
Utilities	9,575	9,784	(2.1)
Commissions and others	9,830	9,795	0.4
Insured warranty claims	11,511	12,452	(7.6)
Repairs and maintenance	8,288	7,166	15.7
Telecommunications	8,123	6,908	17.6
Maintenance and leasing of computer equipment	6,354	8,741	(27.3)

	Nine months ended December 31,		
	2016	2015	Percentage Change
	(thousands of U.S. dollars)		(%)
Administrative services	445	623	(28.6)
Security services	5,060	4,438	14.0
Travel expenses	4,970	4,540	9.5
Insurance	3,965	4,352	(8.9)
Municipal tax	3,519	3,408	3.3
Charitable donations	2,333	2,994	(22.1)
Royalties	129	271	(52.4)
Other operating expenses, net	11,341	6,657	70.4
Total operating expenses	**$ 449,535**	**$ 423,847**	**6.1**

Our operating expenses listed above are broken down into the following two categories: distribution and selling expenses, and administrative expenses:

Distribution and Selling Expenses. Our distribution and selling expenses increased by $13.4 million, or 3.8%, to $368.3 million for the nine months ended December 31, 2016 from $354.9 million for the nine months ended December 31, 2015, primarily as a result of increased personnel expenses and operating leases mainly due to new acquisitions and continued growth of our existing store network.

Administrative Expenses. Our administrative expenses increased by $12.3 million, or 17.8%, to $81.3 million for the nine months ended December 31, 2016 from $69.0 million for the nine months ended December 31, 2015, primarily as a result of increased administrative expenses stemming from and incurred in our recent acquisitions.

Other Operating Income, Net. Our other operating income, net decreased by $1.9 million, or 33.3%, to $3.7 million for the nine months ended December 31, 2016 from $5.7 million for the nine months ended December 31, 2015 primarily due to a decrease in other income earned at our subsidiaries.

Operating Profit. Our operating profit increased by $14.0 million, or 11.6%, to $134.2 million for the nine months ended December 31, 2016 from $120.2 million for the nine months ended December 31, 2015, primarily as a result of the acquisition of Electrofácil in Paraguay in December 2015 and OMNI in Curaçao, St. Maarten and Bonaire in April 2016 and all other factors described in the immediate paragraphs above.

Financial Income. Our financial income increased by $0.4 million, or 215.6%, to $0.6 million for the nine months ended December 31, 2016 from $0.2 million for the nine months ended December 31, 2015, primarily as a result of higher balances in short-term bank deposits and investments.

Financial Expense. Our financial expense increased by $5.2 million, or 14.6%, to $40.9 million for the nine months ended December 31, 2016 from $35.7 million for the nine months ended December 31, 2015, primarily as a result of an increase in financial debt mainly used for our recent acquisitions of Electrofácil in Paraguay and OMNI in Curaçao, St. Maarten and Bonaire.

Foreign exchange (losses)/gains and other charges. Foreign exchange losses and other charges increased by $1.2 million, or 30.3%, to a loss of $5.2 million for the nine months ended December 31, 2016 from a loss of $4.0 million for the nine months ended December 31, 2015, primarily as a result of increased foreign exchange losses originating from our subsidiaries in Nicaragua, Jamaica and Trinidad due to currency devaluations.

Profit Before Income Tax. Our profit before income tax increased by $8.0 million, or 9.9%, to $88.6 million for the nine months ended December 31, 2016 from $80.6 million for the nine months ended December 31, 2015, primarily as a result of all factors listed above.

Income Tax Expense. Our income tax expense increased by $1.9 million, or 8.5%, to $24.2 million for the nine months ended December 31, 2016 from $22.3 million for the nine months ended December 31, 2015, primarily as a result of a higher profit before income tax.

Profit for the Period. Our profit for the period increased by $6.1 million, or 10.5%, to $64.4 million for the nine months ended December 31, 2016 from $58.3 million for the nine months ended December 31, 2015, primarily as a result of all factors listed above.

Results of Operations for the Fiscal Year Ended March 31, 2016 Compared to the Fiscal Year Ended March 31, 2015

The following table presents our consolidated results of operations for the periods indicated.

	Fiscal year ended March 31,	
	2016	2015
	(thousands of U.S. dollars)	
Consolidated Statement of Operations Data:		
Sales	$ 1,120,567	$ 1,084,862
Cost of goods sold	(802,882)	(781,840)
Gross profit on sales	317,685	303,022
Premium income	17,835	22,065
Finance income earned on credit sales	369,034	346,149
Total gross profit	704,554	671,236
Distribution and selling expenses	(464,965)	(439,866)
Administrative expenses	(86,712)	(86,391)
Other operating income, net	1,306	4,268
Operating profit	154,183	149,247
Financial income	429	967
Financial expense	(49,398)	(51,614)
Foreign exchange (losses)/gains and other charges	(4,950)	(1,710)
Profit before income tax	100,264	96,890
Income tax expense	(25,854)	(23,158)
Profit for the period	**$ 74,410**	**$ 73,732**

Overview. As of March 31, 2016 we had 992 stores, including 829 stores in our Latin American market, 159 stores in our Caribbean market and four stores in the United States.

Sales. Our sales increased by $35.7 million, or 3.3%, to $1,120.6 million for the fiscal year ended March 31, 2016 from $1,084.9 million for the fiscal year ended March 31, 2015, primarily as a result of growth in our extended warranty program in Costa Rica, strong sales growth in Guatemala and Honduras as well as sales from new store openings and our acquisition of Electrofácil in Paraguay in December 2015, which contributed $2.2 million of the total growth in sales. We had a decrease of 1.2% in same-store sales over the same time period.

Cost of Goods Sold. Our cost of goods sold increased by $21.1 million, or 2.7%, to $802.9 million for the fiscal year ended March 31, 2016 from $781.8 million for the fiscal year ended March 31, 2015, primarily as a result of better sales margins across the group, 28.4% for the year ended March 31, 2016 compared to 27.9% for the year ended March 31, 2015, despite lower margins in Latin America.

Gross Profit on Sales. Our gross profit on sales increased by $14.7 million, or 4.8%, to $317.7 million for the fiscal year ended March 31, 2016 from $303.0 million for the fiscal year ended March 31, 2015, primarily as a result of the factors explained above. Of our gross profit on sales, 56.0% was attributable to operations in Latin America, 30.4% to operations in the Caribbean market, 0.8% to operations in the United States and the remaining 12.8% is attributed to RWT, of which 8.1% is due to Canterbury and the remaining 4.7% is attributed to our operations of RWT, representing inter-company sales that are added to cost of goods sold in the countries.

Premium Income. Premium income decreased by $4.2 million, or 19.2%, to $17.8 million for the fiscal year ended March 31, 2016 from $22.1 million for the fiscal year ended March 31, 2015, primarily as a result of fewer sales of insurance contracts in the Caribbean.

Finance Income Earned on Credit Sales. Finance income earned on credit sales increased by $22.9 million, or 6.6%, to $369.0 million for the fiscal year ended March 31, 2016 from $346.1 million for the fiscal year ended

March 31, 2015, primarily as a result of continued strong performance in our existing operations and further penetration in our recent acquisitions in Costa Rica and Paraguay. There has also been considerable growth in cash loans, which have a shorter term than product loans.

Total Gross Profit. Our total gross profit increased by $33.3 million, or 5.0%, to $704.5 million for the fiscal year ended March 31, 2016 from $671.2 million for the fiscal year ended March 31, 2015, primarily as a result of all factors mentioned in the paragraphs above.

Operating Expenses. Our operating expenses increased by $25.4 million, or 4.8%, to $551.7 million for the fiscal year ended March 31, 2016 from $526.3 million for the fiscal year ended March 31, 2015. The following table presents the breakdown of our operating expenses for the periods indicated:

	Fiscal year ended March 31,		
	2016	2015	Percentage Change
	(thousands of U.S. dollars)		(%)
Personnel expenses	$ 230,132	$ 217,268	5.9
Accounts receivable - impairment	73,226	71,055	3.1
Operating leases	56,183	51,334	9.4
Advertising	30,609	30,032	1.9
Freight expenses	17,379	18,829	(7.7)
Depreciation of property and equipment and impairment	19,734	19,865	(0.7)
Amortization of intangible assets and impairment	6,812	6,432	5.9
Utilities	12,860	13,981	(8.0)
Commissions and others	14,941	11,569	29.1
Maintenance and leasing of computer equipment	8,285	9,299	(10.9)
Repairs and maintenance	9,523	9,192	3.6
Telecommunications	9,544	9,114	4.7
Extended warranty claims and administrative expenses	4,847	8,909	(45.6)
Professional fees	11,576	6,689	73.1
Insurance	5,414	5,824	(7.0)
Security services	5,959	5,817	2.4
Travel expenses	5,907	5,447	8.4
Administrative services	2,701	3,802	(29.0)
Insured warranty claims	9,400	3,030	210.2
Municipal tax	4,414	2,967	48.8
Charitable donations	1,957	1,044	87.5
Other operating expenses, net	10,274	14,758	(30.4)
Total operating expenses	**$ 551,677**	**$ 526,257**	**4.8**

Our operating expenses listed above are broken down into the following two categories, distribution and selling expenses, and administrative expenses:

Distribution and Selling Expenses. Our distribution and selling expenses increased by $25.1 million, or 5.7%, to $465.0 million for the fiscal year ended March 31, 2016 from $439.9 million for the fiscal year ended March 31, 2015, primarily as a result of increased personnel expenses mainly due to new store openings and the hiring of back office personnel, increased accounts receivable impairment charges resulting from strong increases in our portfolio and increased operating leases mostly due to new stores. These increases were partially offset by reductions in freight, utilities and extended warranty claims.

Administrative Expenses. Our administrative expenses increased by $0.3 million, or 0.4%, to $86.7 million for the fiscal year ended March 31, 2016 from $86.4 million for the fiscal year ended March 31, 2015, primarily as a result of expense increases in the normal course of business.

Other Operating Income, Net. Our other operating income, net decreased by $3.0 million, or 69.4%, to $1.3 million for the fiscal year ended March 31, 2016 from $4.3 million for the fiscal year ended March 31, 2015 primarily due to decreases in other income earned at our subsidiaries.

Operating Profit. Our operating profit decreased by $4.9 million, or 3.3%, to $154.2 million for the fiscal year ended March 31, 2016 from $149.3 million for the fiscal year ended March 31, 2015, primarily as a result of all other factors described in the immediate paragraphs above.

Financial Income. Our financial income decreased by $0.5 million, or 55.6%, to $0.4 million for the fiscal year ended March 31, 2016 from $0.9 million for the fiscal year ended March 31, 2015, primarily as a result of lower balances in short-term bank deposits and investments.

Financial Expense. Our financial expense decreased by $2.2 million, or 4.3%, to $49.4 million for the fiscal year ended March 31, 2016 from $51.6 million for the fiscal year ended March 31, 2015, primarily as a result of a slight decrease in bank debt interest rates.

Foreign exchange (losses)/gains and other charges. Foreign exchange losses and other charges increased by $3.2 million, or 189.5%, to a loss of $4.9 million for the fiscal year ended March 31, 2016 from a loss of $1.7 million for the fiscal year ended March 31, 2015, primarily as a result of the continued devaluation of the Jamaican dollar.

Profit Before Income Tax. Our profit before income tax increased by $3.4 million, or 3.5%, to $100.3 million for the fiscal year ended March 31, 2016 from $96.9 million for the fiscal year ended March 31, 2015, primarily as a result of all factors listed above.

Income Tax Expense. Our income tax expense increased by $2.7 million, or 11.6%, to $25.9 million for the fiscal year ended March 31, 2016 from $23.2 million for the fiscal year ended March 31, 2015, primarily as a result of a higher profit before income tax than last year, and due to a higher tax rate.

Profit for the Period. Our profit for the period increased by $0.7 million, or 0.9%, to $74.4 million for the fiscal year ended March 31, 2016 from $73.7 million for the fiscal year ended March 31, 2015, primarily as a result of all factors listed above.

Results of Operations for the Fiscal Year Ended March 31, 2015 Compared to the Fiscal Year Ended March 31, 2014

The following table presents our consolidated results of operations for the periods indicated.

	Fiscal year ended March 31,	
	2015	2014
	(thousands of U.S. dollars)	
Consolidated Statement of Operations Data:		
Sales	$ 1,084,862	$ 1,073,972
Cost of goods sold	(781,840)	(786,882)
Gross profit on sales	303,022	287,090
Premium income	22,065	19,023
Finance income earned on credit sales	346,149	338,645
Total gross profit	671,236	644,758
Distribution and selling expenses	(439,866)	(413,266)
Administrative expenses	(86,391)	(85,934)
Other operating income, net	4,268	5,143
Operating profit	149,247	150,701
Financial income	967	1,331
Financial expense	(51,614)	(50,137)
Foreign exchange (losses)/gains and other charges	(1,710)	(12,058)
Profit before income tax	96,890	89,837
Income tax expense	(23,158)	(22,821)
Profit for the period	**$ 73,732**	**$ 67,016**

Overview. As of March 31, 2015 we had 901 stores, including 753 stores in our Latin American market, 144 stores in our Caribbean market and four stores in the United States.

Sales. Our sales increased by $10.9 million, or 1.0%, to $1,084.9 million for the fiscal year ended March 31, 2015 from $1,074.0 million for the fiscal year ended March 31, 2014, primarily as a result of growth in our extended warranty programs in Ecuador and Costa Rica as well as sales from new store openings. We had an decrease of 4.4% in same-store sales over the same time period.

Cost of Goods Sold. Our cost of goods sold decreased by $5.0 million, or 0.6%, to $781.4 million for the fiscal year ended March 31, 2015 from $786.9 million for the fiscal year ended March 31, 2014, primarily as a result of better sales margins across the group, 27.9% for the year ended March 31, 2015 compared to 26.7% for the year ended March 31, 2014, despite lower margins in the Caribbean.

Gross Profit on Sales. Our gross profit on sales increased by $15.9 million, or 5.5%, to $303.0 million for the fiscal year ended March 31, 2015 from $287.1 million for the fiscal year ended March 31, 2014, primarily as a result of the factors explained above. Of our gross profit on sales, 61.4% was attributable to operations in Latin America, 28.9% to operations in the Caribbean market, 0.8% to operations in the United States and the remaining 8.9% to our operations of RWT, representing inter-company sales that are added to cost of goods sold in the different countries we operate.

Premium Income. Premium income increased by $3.0 million, or 16.0%, to $22.1 million for the fiscal year ended March 31, 2015 from $19.0 million for the fiscal year ended March 31, 2014, primarily as a result of efforts to increase sales of insurance contracts in the Caribbean, augmented by an expansion into our Latin America markets in Nicaragua.

Finance Income Earned on Credit Sales. Finance income earned on credit sales increased by $7.5 million, or 2.2%, to $346.1 million for the fiscal year ended March 31, 2015 from $338.6 million for the fiscal year ended March 31, 2014, primarily as a result of continued strong performance in our existing operations and further penetration in our acquisitions in Ecuador and Costa Rica. Also, customers in Trinidad chose shorter term loans, permitting us to realize the finance income on a much shorter period of time and in greater amounts. There was an increase in cash loans, which have a shorter term than product loans.

Total Gross Profit. Our total gross profit increased by $26.5 million, or 4.1%, to $671.2 million for the fiscal year ended March 31, 2015 from $644.8 million for the fiscal year ended March 31, 2014, primarily as a result of all factors mentioned in the paragraphs above.

Operating Expenses. Our operating expenses increased by $27.1 million, or 5.4%, to $526.3 million for the fiscal year ended March 31, 2015 from $499.2 million for the fiscal year ended March 31, 2014. The following table presents the breakdown of our operating expenses for the periods indicated:

	Fiscal year ended March 31,		
	2015	2014	Percentage Change
	(thousands of U.S. dollars)		(%)
Personnel expenses	$ 217,268	$ 206,195	5.4
Accounts receivable - impairment	71,055	60,200	18.0
Operating leases	51,334	47,218	8.7
Advertising	30,032	32,052	(6.3)
Freight expenses	18,829	19,469	(3.3)
Depreciation of property and equipment and impairment	19,865	15,945	24.6
Amortization of intangible assets and impairment	6,432	7,467	(8.9)
Utilities	13,981	14,566	(4.0)
Commissions and others	11,569	9,686	19.4
Maintenance and leasing of computer equipment	9,299	9,282	0.2
Repairs and maintenance	9,192	9,645	(4.7)
Telecommunications	9,114	9,243	(1.4)
Extended warranty claims and administrative expenses	8,909	7,157	24.5
Professional fees	6,689	6,499	2.9
Insurance	5,824	5,965	(2.4)
Security services	5,817	5,745	1.3
Travel expenses	5,447	7,197	(24.3)

	Fiscal year ended March 31,		
	2015	2014	Percentage Change
	(thousands of U.S. dollars)		(%)
Administrative services	3,802	3,454	10.1
Insured warranty claims	3,030	6,119	(50.5)
Municipal tax	2,967	3,438	(13.7)
Charitable donations	1,044	1,366	(23.6)
Other operating expenses, net	14,758	11,292	26.2
Total operating expenses	**$ 526,257**	**$ 499,200**	**5.4**

Our operating expenses listed above are broken down into the following two categories, distribution and selling expenses, and administrative expenses:

Distribution and Selling Expenses. Our distribution and selling expenses increased by $26.6 million, or 6.4%, to $439.9 million for the fiscal year ended March 31, 2015 from $413.3 million for the fiscal year ended March 31, 2014, primarily as a result of increased personnel expenses mainly due to new store openings and the hiring of back office personnel, increased accounts receivable impairment charges resulting from strong increases in our portfolio, increased operating leases mostly due to new stores and a higher depreciation of property and equipment. These increases were partially offset by reductions in travel, freight and advertising expenses.

Administrative Expenses. Our administrative expenses increased by $0.5 million, or 0.5%, to $86.4 million for the fiscal year ended March 31, 2015 from $85.9 million for the fiscal year ended March 31, 2014, primarily as a result of expense increases in the normal course of business.

Other Operating Income, Net. Our other operating income, net decreased by $0.8 million, or 17.0%, to $4.3 million for the fiscal year ended March 31, 2015 from $5.1 million for the fiscal year ended March 31, 2014 primarily due to decreases in other income earned at our subholding companies.

Operating Profit. Our operating profit decreased by $1.5 million, or 1.0%, to $149.2 million for the fiscal year ended March 31, 2015 from $150.7 million for the fiscal year ended March 31, 2014, primarily as a result of all other factors described in the immediate paragraphs above.

Financial Income. Our financial income decreased by $0.4 million, or 27.3%, to $1.0 million for the fiscal year ended March 31, 2015 from $1.3 million for the fiscal year ended March 31, 2014, primarily as a result of lower balances in short-term bank deposits and investments.

Financial Expense. Our financial expense increased by $1.5 million, or 2.9%, to $51.6 million for the fiscal year ended March 31, 2015 from $50.1 million for the fiscal year ended March 31, 2014, primarily as a result of a slight increase in bank debt interest rates.

Foreign exchange (losses)/gains and other charges. Foreign exchange losses and other charges decreased by $10.3 million, or 85.8%, to a loss of $1.7 million for the fiscal year ended March 31, 2015 from a loss of $12.1 million for the fiscal year ended March 31, 2014, primarily as a result of a revaluation in the Costa Rica Colón during the fiscal year ended March 31, 2015, partially offset by the continued devaluation of the Jamaican dollar.

Profit Before Income Tax. Our profit before income tax increased by $7.1 million, or 7.9%, to $96.9 million for the fiscal year ended March 31, 2014 from $89.8 million for the fiscal year ended March 31, 2014, primarily as a result of all factors listed above.

Income Tax Expense. Our income tax expense increased by $0.4 million, or 1.5%, to $23.2 million for the fiscal year ended March 31, 2015 from $22.8 million for the fiscal year ended March 31, 2014, primarily as a result of a higher profit before income tax than last year, as well as a continued operational tax optimization throughout the countries where we operate, evidenced through a lower tax rate.

Profit for the Period. Our profit for the period increased by $6.7 million, or 10.0%, to $73.7 million for the fiscal year ended March 31, 2015 from $67.0 million for the fiscal year ended March 31, 2014, primarily as a result of all factors listed above.

Liquidity and Capital Resources

General

Our primary capital requirements are for growth of our accounts receivable portfolios, capital expenditures and acquisitions, if applicable. Historically, our main sources of liquidity have been cash flows from operations and short-term borrowings under our credit facilities. Future capital requirements will depend on many factors, including new store openings (although the majority of our stores are leased, which limits capital expenditure needs), replacement of equipment, new information technology software projects, macroeconomic growth, our strategy for growing the accounts receivable portfolios and potential acquisitions if our capital structure allows it. We expect our cash on hand, cash flows from operations and available borrowings under short-term credit facilities will be sufficient to meet our foreseeable cash requirements for at least the next twelve months.

The significant components of our working capital are inventory and liquid assets, such as cash and accounts receivable. Our working capital position benefits from the fact that our average payment terms to our suppliers are generally almost equal to the average term for our inventory turnover.

Cash Flows

The following table shows the generation and use of cash for the fiscal years ended March 31, 2016, 2015 and 2014 and for the nine months ended December 31, 2016 and 2015.

	Nine months ended December 31,		Fiscal year ended March 31,		
	2016	2015	2016	2015	2014
	(thousands of U.S. dollars)				
Net cash provided from operating activities	$ (1,600)	$ 31,259	$ 70,293	$ 88,144	$ 37,850
Net cash used in investing activities	(53,244)	(63,885)	(90,306)	(43,222)	(62,618)
Net cash provided/(used) by financing activities	74,948	31,154	24,007	(50,120)	(3,551)
Net increase/(decrease) in cash and cash equivalents	**$ 20,104**	**$ (1,472)**	**$ 3,994**	**$ (5,198)**	**$ (28,319)**

Operating Activities

We generally have an increase in cash payments to suppliers for taxes and other operating expenses in the first quarter of the calendar year since most of the expense obligations are generated in the last quarter of each calendar year, which is when most of our sales occur.

Net cash provided by operating activities for the nine months ended December 31, 2016 and 2015 and the fiscal years ended March 31, 2016, 2015 and 2014 was ($1.6) million, $31.3 million, $70.3 million, $88.1 million, $37.9 million, respectively. The $32.9 million decrease in cash provided by operating activities from the nine months ended December 31, 2015 to the nine months ended December 31, 2016 was primarily due to an increase in our accounts receivable, inventories and in other receivables and prepayments due to the acquisition of subsidiaries as well as organic growth. The $17.9 million decrease in cash provided by operating activities from fiscal year 2015 to 2016 was primarily due to an increase in growth of accounts receivable and a decrease in accounts payable. The $50.3 million increase in cash provided by operating activities from fiscal year 2014 to 2015 was primarily due to reductions in growth of accounts payable and inventories, as well as an increase in accounts payable.

Investing Activities

Net cash used in investing activities, net of cash received for the nine months ended on December 31, 2016 and 2015 and the fiscal years ended March 31, 2016, 2015 and 2014 was $(53.2) million, $(63.9) million, $(90.3) million, $(43.3) million and $(62.6) million, respectively, in each case primarily related to the acquisition of Wisdom Product S.A.E.C.A. in December 2015 and OMNI in Curaçao, St. Maarten and Bonaire in April 2016, acquisition of property and equipment, as well as capital expenditures.

Financing Activities

Net cash provided/(used) by financing activities for the nine months ended on December 31, 2016 and 2015 and the fiscal years ended March 31, 2016, 2015 and 2014 was $74.9 million, $31.2 million, $24.0 million, $(50.1) million and $(3.6) million, respectively, in each case primarily related to extension of term loans and short-term financing repayment.

Capital Expenditures

During the nine months ended on December 31, 2016 and 2015, and in the years ended on March 31, 2016, 2015 and 2014, we made capital investments of $39.0 million, $32.2 million, $49.3 million, $35.8 million and $44.1 million, respectively, excluding those capital assets obtained through acquisitions of subsidiaries. The following table presents our capital expenditures, for the periods indicated:

	Nine months ended December 31,		Fiscal year ended March 31,		
	2016	2015	2016	2015	2014
	(thousands of U.S. dollars)				
Additions of property and equipment	$ 27,254	$ 22,668	$ 31,992	$ 26,360	$ 38,282
Additions of intangibles	11,772	9,519	17,310	9,396	5,784
Subtotal capital expenditures	39,026	32,187	49,302	35,756	44,066
Arising on acquisition of subsidiary (property and equipment)	581	36,090	36,090	5,481	–
Arising on proceed from sale of subsidiary, net on cash disposal off	–	–	–	101	–
Net capital expenditures	**$ 39,607**	**$ 68,277**	**$ 85,392**	**$ 41,338**	**$ 44,066**

Indebtedness

As of December 31, 2016 and March 31, 2016, we had outstanding debt in the aggregate amount of $782.7 million and $688.1 million, respectively. Debt from affiliates is described under "Related Party Transactions." The following table contains a summary of our third-party debt as of the periods indicated.

	As of December 31,		As of March 31,	
	2016	Wt. Avg. Interest Rate(*)	2016	Wt. Avg. Interest Rate(*)
	(thousands of U.S. dollars)			
Short-term borrowings:				
Short-term lines of credit (1):				
RWT	$ 91,536		$ 29,251	
Nicaragua	12,082		4,230	
Costa Rica	24,541		11,917	
Guatemala	13,906		17,306	
The Issuer stand alone	5,000		–	
Others	11,122		7,484	
	158,186	4.8%	70,188	5.0%
Short-term loans:				
Costa Rica	118		1,423	
Ecuador	43		4,918	
Paraguay	18,073		15,439	
The Issuer (stand alone)	2,000		15,000	
	20,235	8.8%	36,780	7.4%
Long-term borrowings:				
Long-term lines of credit (2):				
Honduras	23,205		19,005	
El Salvador	17,583		19,985	
The Issuer (stand alone)	9,900		9,777	

	As of December 31,		As of March 31,	
	2016	Wt. Avg. Interest Rate(*)	2016	Wt. Avg. Interest Rate(*)
	(thousands of U.S. dollars)			
ULA	2,771		14,100	
Nicaragua	9,499		6,822	
Others	4,481		1,866	
	67,440	6.2%	71,555	5.7%
Long-term loans:				
The Issuer (stand alone) (3)	255,119		223,564	
Ecuador	26,259		13,515	
Jamaica	37,668		46,888	
Guatemala	32,993		30,433	
Costa Rica	62,254		73,763	
Others	119,700		119,929	
Securitization issuance and commercial paper (4):				
Ecuador	250		2,000	
Paraguay	2,601		438	
	604,284	6.9%	581,085	7.0%
Long-term debt	604,284		581,085	
Short-term debt	178,421		106,948	
Total debt (5)(6)	**$ 782,705**		**$ 688,033**	
Unamortized transaction costs	(986)		(505)	
Total debt less unamortized transaction costs (Carrying value)	**$ 781,719**		**$ 687,528**	

(*) Weighted average interest rate for the nine months ended December 31, 2016 and for the fiscal year ended March 31, 2016.

(1) As of December 31, 2016 and March 31, 2016, the Company had approved revolving short-term credit lines of up to $222.0 million and $154.5 million, respectively.

(2) As of December 31, 2016 and March 31, 2016, the Company had approved revolving long-term credit lines of up to $109.0 million of which $91.6 million were used and $67.4 million of which $71.6 million were used, respectively.

(3) As of December 31, 2016, the Issuer standalone had outstanding loans with five international banks for a total balance of $255.1 million and as of March 31, 2016, the Issuer standalone had outstanding loans with four international banks for a total balance of $223.6 million, respectively.

(4) Our subsidiary in Ecuador (Unicomer de Ecuador, S.A.) has securitizations of cash flows receivable from credit sales, totaling $0.3 million in December 31, 2016 and $2.0 million as of March 31, 2016. Wisdom Product S.A.E.C.A. had bonds of up to $2.6 million and $0.4 million as of December 31, 2016 and March 31, 2016 respectively.

(5) Total debt of $782.7 million as of December 31, 2016 does not include unamortized transaction costs of $0.9 million. Total debt of $688.0 million as of March 31, 2016 does not include unamortized transaction costs of $0.5 million.

(6) Of the total borrowings of the Company, loans in the amount of $598.9 million as of December 31, 2016 and of $520.6 million as of March 31, 2016, are priced at floating interest rates that are adjustable quarterly. The remaining borrowings are at fixed rates.

As of December 31, 2016 and March 31, 2016, we and our subsidiaries had $266.6 million and $259.2 million, respectively, of secured consolidated indebtedness outstanding. All of these obligations were to lenders under credit agreements secured by receivables, inventory and property, representing 19.6% and 19.4%, respectively, of our assets.

Certain of our indebtedness may be subject to restrictive covenants. The following paragraphs briefly summarize material terms of certain of our credit arrangements. These descriptions are only summaries and do not purport to describe all of the terms of the credit arrangements that may be important.

As of December 31, 2016 and March 31, 2016, the outstanding loans due from the Issuer standalone to its lenders in the aggregate amount of $255.1 million and $223.6 million, respectively, were subject to certain restrictive covenants, including negative pledge covenants and restrictions on the incurrence of debt. The loan agreements require that the Issuer meet certain financial ratios, such as outstanding debt net of cash to consolidated Adjusted EBITDA and to tangible net worth.

Our subsidiary Unión Comercial de Costa Rica, Unicomer, S.A. was in breach of a financial ratio in an outstanding loan from Citibank N.A. as of December 31, 2016, for which Citibank N.A. granted a waiver. In addition, our subsidiary Unicoservi, S.A. de C.V. was in breach of a financial ratio in respect of an outstanding loan from The Bank of Nova Scotia as of December 31, 2016, for which the lending bank granted a waiver.

Certain credit agreements of the Issuer and of its Honduran, Costa Rican and Jamaican subsidiaries restrict their ability to pay dividends unless certain financial ratios and other conditions are met. See "Risk Factors—Risk Factors Related to the Notes—Restrictions imposed by the indenture governing the Notes and the agreements governing certain of our other outstanding debt contain various covenants that limit our ability to take certain actions."

Contractual Obligations and Other Commitments

The following table contains a description of our contractual obligations and other commitments as of March 31, 2016.

	Maturity				
	Total	Less than 1 Yr.	1-2 Yrs.	2-5 Yrs.	5+ Yrs.
	(thousands of U.S. dollars)				
Short and long-term debt (1)	$ 786,588	$ 178,204	$ 106,334	$ 116,215	$ 385,835
Capital lease obligations	–	–	–	–	–
Operating lease obligations	209,843	49,479	72,573	36,286	51,505
Total	**$ 996,431**	**$ 227,683**	**$ 178,907**	**$ 152,501**	**$ 437,340**

(1) Figures include future interest obligations.

Off-Balance Sheet and Other Arrangements

We do not have any off-balance sheet arrangements.

Quantitative and Qualitative Disclosure about Market Risk

We face market risk exposure in the form of interest rate risk and foreign currency risks. These market risks arise from our derivative financial instruments and debt obligations.

Interest Rate Risk

As of March 31, 2016, 73.6% of our debt portfolio was floating rate. Unicomer Group has an interest rate derivative for an amount of $40 million which is out of the money and expires on March 28, 2017 and therefore effectively does not reduce the percentage floating rate. Based on the size of this variable rate debt portfolio at March 31, 2016, which totaled $507.2 million (less $40 million of interest rate cap), an immediate 100 basis point change in interest rates would have affected annual pretax funding costs by $3.8 million. The aforementioned variable debt portfolio of $507.2 million is expected to be reduced with the net proceeds of the offering. See "Use of Proceeds." These estimates do not take into account the effect on income resulting from invested cash or the returns on assets being funded. These estimates also assume that the variable rate funding portfolio remains constant for an annual period and that the interest rate change occurs at the beginning of the period.

Exchange Rate Risk

As of December 31, 2016, we had no outstanding foreign exchange contracts to hedge fluctuations in principal and interest payments denominated in U.S. dollars. It is the Company´s policy to contract debt in local currency in order to provide a natural hedge to the accounts receivable portfolio which is always in local currency as well.

Accounting Policies

IFRS 16

As further described under note 2 to our audited consolidated financial statements as of and for the year ended March 31, 2016, there are certain new accounting standards that have been issued which are not yet effective and which Unicomer Group has not early-adopted. These new standards include IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases and which will be effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 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. Companies 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 items with value of US$5,000 or less.

Critical Accounting Policies and Estimates

The financial statements included in this offering memorandum have been prepared in accordance with IFRS and their interpretations issued by the International Accounting Standards Board. In the preparation of financial statements, it is necessary to use estimates to record certain assets, liabilities and other transactions. The financial statements therefore include various estimates related to the selection of the useful lives of property and equipment, the provisions necessary for contingent liabilities and the determination of provisions for taxes and other similar items.

Critical accounting policies are those that are important to the portrayal of our financial condition and results of operations and require the most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As critical accounting policies and estimates reflect significant judgments and uncertainties, they may potentially result in materially different results under different assumptions and conditions. For a discussion of these and other accounting policies, see notes 2 and 3 to our audited consolidated financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of our business activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated affiliate sales transactions. Revenue is recognized as follows:

Sales of goods. Sales are recognized when a Unicomer Group entity has delivered the product to the customer, the customer has accepted the product and collection of the related receivable is reasonably assured. Sales are usually financed by the Unicomer Group, and some are settled in cash or by credit card. The recorded revenue is the fair value amount receivable, less sales returns and discounts. Credit card fees are included in distribution and selling expenses.

Premiums. 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.

Finance income. Interest incorporated in the price of credit sales, or, as is the practice in some countries, separate financing granted by the Unicomer Group, is recognized under the effective interest method.

Sales of extended warranty contracts. 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 are similarly deferred and amortized.

Accounts receivable

Customer receivables are carried at amortized cost, less allowance for impairment. An allowance for impairment of customer 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 receivables agreement. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance is determined on the basis of historical trends of losses and recoveries.

In assessing impairment on accounts that are not past due as of the reporting date, we use historical trends of the probability of default, timing of recoveries, and the amount of loss incurred.

The charges or reversal of the allowance are recognized in the consolidated statement of income within distribution and selling expenses.

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.

Retirement benefit assets and post-employment benefit obligations

The amounts recognized in the Company's statement of financial position and statement of 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 Company'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.

Property and equipment

Property and equipment of acquired subsidiaries are carried at fair value at the date of acquisition less accumulated depreciation. Assets acquired subsequently are carried at cost less accumulated depreciation and any impairment losses. 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 us 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.

Intangible assets

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

Software. Acquired computer software licenses 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 five years). Internal costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Third-party costs that are directly associated with the production of identifiable and unique software products controlled by us and that are expected to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (three to eight years).

Trademarks. Trademarks are shown at cost less any impairment losses.

Deferred policy acquisition costs. Policy acquisition costs are deferred on a basis consistent with that used for deferring premium income.

Other intangible assets. Other intangible assets including customer relationships acquired by us are measured at cost less accumulated amortization, where applicable, and accumulated impairment losses.

Amortization of intangible assets is recognized in the consolidated statement of income 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 life of our customer relationship is as follows:

Caribbean Group	15 years
Ecuador	10 years
Costa Rica	10 years
Paraguay	10 years

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

Impairment of assets

The carrying amounts of the Unicomer Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Calculation of recoverable amounts

The recoverable amounts of our loans and receivables are calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

Amortizable intangible assets are tested for impairment based on discounted future cash flows, and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of income even though the financial asset has not been derecognized. The amount of the cumulative loss recognized in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 independent cash inflows, the recoverable amount is determined for the group of operating assets to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. For all other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

INDUSTRY OVERVIEW

The Political and Economic Environment in our Latin American and our Caribbean Markets

Consumer spending in Latin America and the Caribbean is driven by a combination of external factors, such as world commodities prices, tourism trends and remittance flows from workers abroad, and internal factors, such as changing consumer habits and availability of credit, among others.

We operate in eight Latin American countries, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua and Paraguay, where the local economies have recovered from the international financial crisis and grown steadily for the last three years, both in terms of absolute and real gross domestic product (GDP) per capita, except for 2013 in Honduras. According to 2016 estimates, the total population of these countries is 75.7 million people, with a GDP per capita ranging from $2,115 in Nicaragua to $11,749 in Costa Rica. Excluding Ecuador due to its oil-based economy, the main drivers of growth in these economies are the export of agricultural products (coffee and sugar), industrial (textiles) commodities, tourism and the flow of remittances from expatriates. The main areas of concern are the rising levels of criminality in Guatemala, El Salvador and Honduras and the impact of oil prices on inflation and local purchasing power.

We also have retail operations in Jamaica, Trinidad & Tobago, Barbados, Belize, Guyana, Aruba, Curaçao, Bonaire, St. Maarten and the OECS, where we have operations in each of St. Lucia, Antigua and Barbuda, Dominica, St. Kitts and Nevis, Grenada and St. Vincent and the Grenadines. Economic growth in our Caribbean markets has been moderate; their recovery from the international financial crisis has been slower than in our Latin American markets due to their larger dependence on tourism flows from developed countries. Nevertheless, these countries enjoy a higher GDP per capita, ranging from $4,492 in Guyana to over $24,741 in Aruba. Economies in our Caribbean market are driven by agricultural exports (sugar, fruit), tourism, financial services, remittances from migrants abroad, and in Ecuador and Trinidad, energy.

Important areas of concern are the rising levels of criminality in Jamaica and Trinidad, the high fiscal deficit in Jamaica, hurricane risk to the region, and the recovery of tourism flows.

The following tables summarize GDP growth from 2011 to 2016 for each country where we currently operate:

	Population 2016 (millions)(*)	GDP Growth (CAGR – real US$)(*) 2011-2016	GDP 2016(*) (current US$ Billions)	GDP per capita 2016(*) (current US$)
Costa Rica	4.9	6.4%	57.7	11,749
Dominican Republic	10.1	4.2%	71.5	7,083
Ecuador	16.5	4.6%	99.1	5,997
El Salvador	6.1	2.8%	26.6	4,330
Guatemala	16.7	7.5%	68.4	4,102
Honduras	8.2	3.5%	20.9	2,551
Nicaragua	6.3	6.6%	13.4	2,115
Paraguay	6.9	1.7%	27.3	3,986
Barbados	0.3	0.5%	4.5	15,955
Belize	0.4	3.5%	1.8	4,693
Guyana	0.8	6.0%	3.5	4,492
Jamaica	2.8	(0.9%)	13.8	4,870
Trinidad & Tobago	1.4	(2.2%)	22.8	16,717
Antigua and Barbuda	0.1	2.9%	1.3	14,432
Dominica	0.1	0.9%	0.5	7,412
Grenada	0.1	5.7%	1.0	9,600
St. Kitts and Nevis	0.1	5.6%	1.0	16,979
St. Lucia	0.2	2.4%	1.4	8,268
St. Vincent and the Grenadines	0.1	2.5%	0.8	6,957
Aruba	0.1	0.6%	2.7	24,741
United States	324.0	3.6%	18,561.9	56,084

* Source: IMF WEO October 2016 and Unicomer Group's calculations, except for Aruba, for which the Central Bank of Aruba was used as a source. Latest available data for Aruba is as of December 2015. CAGR for Aruba is 2010-2015. The numbers as of October 2016 are estimates and thus are subject to change once the full year numbers are available.

	Increase in GDP (current US$ billions) (*) 2011-2016	Increase in GDP per capita (*) 2011-2016 (current US$)
Costa Rica	15.4	2,537
Dominican Republic	13.2	997
Ecuador	19.8	804
El Salvador	3.5	511
Guatemala	20.7	868
Honduras	3.3	236
Nicaragua	3.7	488
Paraguay	2.2	42
Barbados	0.1	229
Belize	0.3	211
Guyana	0.9	1,077
Jamaica	(0.6)	(361)
Trinidad & Tobago	(2.6)	(2,361)
Antigua and Barbuda	0.2	1,227
Dominica	0.0	329
Grenada	0.2	2,190
St. Kitts and Nevis	0.2	3,241
St. Lucia	0.2	617
St. Vincent and the Grenadines	0.1	786
Aruba	0.3	1,281
United States	3,044.0	7,568

* Source: IMF WEO October 2016 and Unicomer Group's calculations, except for Aruba, for which the Central Bank of Aruba was used as a source. Latest available data for Aruba is from December 2015. Increases in GDP and GDP per capita for Aruba accounts for the increase from 2010-2015. The numbers as of October 2016 are estimates and thus are subject to change once the full year numbers are available.

Our operations in the United States primarily target immigrant communities from Latin America and the Caribbean, among whom our brands have strong recognition. We also provide a highly popular service of delivering goods purchased and paid for in the United States to end-users (typically family members) living in Latin America and the Caribbean countries where we operate. In the United States market, growth strongly depends on the performance of the United States economy, particularly the sectors that predominantly employ our customer base of immigrants, such as construction, retail, hospitality and domestic services. The market is also affected by immigration laws and the ability of these immigrants to enter and work in the United States.

The United States economy impacts investment, export demand and private consumption in our Latin American and our Caribbean markets. Over the last decade, rapidly increasing emigration to the United States, and the relative economic success of immigrants from these regions, has fueled a significant amount of remittances to countries of origin, which has resulted in increased private consumption within those countries. Remittances to Latin America and the Caribbean are estimated to average approximately $65.4 billion annually. Specifically, recent figures indicate that approximately $15.8 billion in remittances flowed to Central America and approximately $10.0 billion flowed to the Caribbean in 2014.

Except for some economies such as oil exporter Ecuador and oil and gas exporter Trinidad & Tobago, the economies of Latin America and the Caribbean are vulnerable to fluctuations in imported commodity prices, particularly oil prices, which exert pressure on prices and wages.

Many Central American and Caribbean countries have made significant efforts toward integration within the region and with other major trading partners. All of the Central American countries in which we operate, as well as Dominican Republic, have signed and are implementing the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA), a landmark free trade agreement with the United States, which is expected to bolster exports in key agricultural and industrial sectors for several years. In addition, bilateral agreements regarding free circulation of goods and services are being negotiated throughout Central America. Mercosur is the only main trading agreement in Paraguay with little relation to other regions.

In the Caribbean, there has been steady progress towards pan-Caribbean political and economic institutions and structures. The establishment of the Caribbean Community and Common Market (CARICOM) in 1973 and the

Caribbean Single Market and Economy (CSME) in 2001 seek to create a single unified economic region, without political integration. This movement towards integrated economies is expected to facilitate the movement of goods and lead to overall economic growth in the region. If such efforts are successful, we expect our Caribbean market and Central American market to benefit from this trend through market growth and more efficient operations.

BUSINESS

Overview

We are a leading retailer of durable consumer goods, including home appliances, consumer electronics, furniture, motorcycles, mobile devices, computer equipment and optical wear in our Latin American and our Caribbean markets, fulfilling families' different purchasing needs. In these markets, which we refer to as our established markets, we have achieved a market share of 20% or more in each of the countries where we operate, except in Ecuador, Paraguay, Dominican Republic, Curaçao, Bonaire, St. Maarten and the United States. We target the middle- and lower-middle-income segments of the Latin American and Caribbean populations in the countries where we operate and the Hispanic and Caribbean population in Texas and New York.

We are owned 50% by Infotech of The Caribbean and Central America Corp. (which is 100% controlled by Milady Associates Ltd.) and 50% by Gromeron, SLU (which is 100% controlled by El Puerto de Liverpool S.A.B. de C.V. ("Liverpool"), a leading Mexican retailer). Through a shareholders' agreement, Infotech of The Caribbean and Central America Corp. has control of our operations. Our shareholders boast extensive expertise, with a successful history that dates back to the 1850s.

As of December 31, 2016, we served customers in 24 countries throughout Latin America and the Caribbean and operated 1,061 stores with more than 4.2 million square feet of retail space under various brands. Our current business structure is the result of four large-scale acquisitions as well as organic expansion throughout our 17 years of existence. We believe that we have strong, highly-recognized store brands—some with presence since the 1950s—that are associated with a comprehensive product portfolio, low prices, personalized customer service and convenient consumer financing programs.

We strive to integrate our operations so that we can function as one seamless company across the 24 countries in which we operate. Our retail and back-office operations are centralized for all of our countries so that we can manage operations and monitor store, chain and country performance efficiently. In addition, management shares best practices in-country, within each region and across regions. We have focused on strengthening our organizational capabilities in order to respond to the challenges of serving the demands of international markets and have based our business objectives on four strategic pillars: (i) profitable and sustainable growth, (ii) operational excellence, (iii) talent development, and (iv) customer-centered organization. These pillars ensure alignment throughout our organization and maximize synergies across our operations. Following the accelerated growth we have experienced in the last two years, we are in the process of consolidating our corporate governance practices in order to ensure that our business model functions seamlessly throughout our operations.

Our integrated business model includes sales of goods, consumer finance, extended warranties, credit protection insurance and post-sale repair services. The positive cash flows that result from our operations enable us to provide financing to customers through our profitable in-house credit division. Through our in-house credit operations, we financed 57.1% of our customer sales for the nine months ended December 31, 2016. We have more than 1,457,000 active clients in our credit portfolio and have, in many cases, long-standing credit relationships with customers that span several generations. Our target customers are in the segment of the population that typically has had little or no access to consumer credit, and our installment sales program responds to these customers' needs with a wide variety of payment alternatives. Our long history and experience with clients in our established markets, combined with our customer service operations, allow us to manage our credit portfolio effectively by mitigating credit risk even during economic downturns, political turmoil or natural disasters. Non-performing loans, defined as the loan balances of accounts with an installment past due more than 90 days of delinquency, and which include both credit sales and cash loans portfolios, represented 6.9% of our overall portfolio as of December 31, 2016.

Our total revenues were $1,244.4 million for the nine months ended December 31, 2016, and $1,181.7 million for the nine months ended December 31, 2015. Our Adjusted EBITDA totaled $156.1 million for the nine months ended December 31, 2016, and $140.6 million for the nine months ended December 31, 2015. Our profit totaled $64.4 million for the nine months ended December 31, 2016, and $58.3 million for the nine months ended December 31, 2015.

The following table shows certain of our financial and operating data for the nine months ended December 31, 2016 and 2015 and for the fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012.

	As of and for the nine months ended December 31,		As of and for the fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
Number of retail stores	1,061	977	992	901	840	790	605
Total revenues (millions of US$)	1,244.4	1,181.7	1,507.4	1,453.1	1,431.6	1,203.1	861.3
Total retail area (sq. ft.)	4,229,977	4,110,001	4,096,931	3,966,523	3,809,974	3,525,100	2,529,502
Total store area (sq. ft.)	4,204,425	4,093,804	4,077,267	3,958,713	3,809,974	3,525,100	2,529,502
Total revenues per retail area (US$/sq. ft.)	294	288	368	366	376	341	341
Total revenues per average retail area (US$/sq. ft.)	298	288	374	368	390	397	366
Product sales per average store area (US$/sq. ft.) (1)	208	202	256	267	283	287	260
Same-store sales growth (percentage)	(0.2%)	(0.6%)	(1.2%)	(4.4%)	2.3%	2.3%	9.0%
Profit for the period (millions of US$)	64.4	58.3	74.4	73.7	67.0	70.1	59.2
Adjusted EBITDA (millions of US$) (2)	156.1	140.6	180.7	175.5	174.1	162.9	123.6
Adjusted EBITDA margin (percentage) (3)	12.5%	11.9%	12.0%	12.1%	12.2%	13.5%	14.3%

(1) Product sales (excluding extended warranties) per average square foot. Average store area excludes La Curacao Cash area.

(2) Adjusted EBITDA is not a U.S. GAAP or IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to operating income as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of Adjusted EBITDA may not be comparable to Adjusted EBITDA as used by other companies. Adjusted EBITDA as such term is used in this offering memorandum consists of adding back to profit for the period, the income tax, financial expenses, foreign exchange loss net, depreciation, amortization and impairment of property and goodwill if any and deducting finance income of the period.

(3) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenues.

An efficient supply chain process, strong commercial orientation, general and administrative expense control and effective management of our credit portfolio have historically generated a steady flow of cash, which has supported strong levels of revenue growth. Our growth in revenues was 3.7%, 1.5% and 19.0% for the fiscal years ended March 31, 2016, 2015 and 2014, respectively, and 5.3% for the nine months ended December 31, 2016 as compared to the nine months ended December 31, 2015.

Retail Formats

For the nine months ended December 31, 2016, 64.5% of our consolidated total revenues were generated in our Latin American markets, where we operate through the following brands: AKT, Almacenes Tropigas, Artefacta, Baratodo, Electrofácil, Gollo, Gollo Opticas, La Curacao, La Curacao Cash, Opticas La Curacao, RadioShack and TropiMotors. We also have a discount store brand, Loco Luis, with a few locations in each country selling repossessed and damaged stock. We also operate Servitotal, which offers after-sales services.

For the nine months ended December 31, 2016, 34.9% of our consolidated total revenues were generated in our Caribbean market. Our Caribbean operations consist of several retail chains, among which Courts predominates as the market leader in the region with 87 stores located throughout 11 countries. Since 2007, we operate the Lucky Dollar chain in Jamaica, Guyana and Trinidad and the Almacenes Tropigas store chain in Belize. Lucky Dollar and Almacenes Tropigas stores target a lower income segment of the market, which had not been previously targeted by Courts.

The remaining 0.6% of our consolidated total revenues for the nine months ended December 31, 2016 was generated in the United States, where we operate five stores targeted to the niche market of the immigrant population, both for local sales and for delivery in our Caribbean and Latin American markets. In Houston, Texas, we operate three stores under the Unicomer brand, and in New York City (Queens and Brooklyn) we operate the other two stores under the Courts Caribbean brand. All of our stores in the United States maintain a Latin and Caribbean feel, are located in neighborhoods with high Latino and Caribbean expatriate populations and have staff that is fully bilingual in Spanish and English. The range of products we offer in our United States stores broadly replicates what is available in our stores in Latin America and the Caribbean.

Our stores sell a complete range of products within all major consumer product categories, including household appliances, consumer electronics, computer equipment, mobile devices, home furniture, bedding, motorcycles, exercise equipment, and optical wear. Our electronics and household product range includes premium world brands like Sony, Panasonic, Samsung, LG, Whirlpool, Frigidaire, General Electric, as well as a mixture of entry-level brands. Our furniture product selection aims to appeal to mass-market consumers and includes a combination of

local, private label and international products that are well known in the market. Examples include Ashley Furniture and Sauder (a significant percentage of our international products are purchased from Mexico, the United States and Asia) as well as a successful line of bedding that includes international brands such as Serta, Simmons and King Koil. These brands are also complemented by our own private and local brands. Sales of our private label products accounted for 19.1% of our total sales for the year ended March 31, 2016, including exclusive distribution of the TCL® brand.

Given our product mix of high-ticket items and our focus on middle- and lower-middle-income segments, our comprehensive value offer has always included the availability of consumer financing, which includes credit sales, cash loans and credit protection insurance. We offer flexible, affordable and easy-to-obtain credit plans. The credit plans are characterized by low monthly installments, competitive differentiated interest rates, zero-down offers, fast approval, no additional charges (except for past-due fees) and the ability to pay at any of the chain's local stores. Established customers with good credit also qualify for special credit plans including lower rates and can obtain cash loans for their personal needs. We believe that this combination of financial services enhances the consumer experience and complements our retail business by reinforcing our long-term relationship with our consumers. We also offer extended warranty programs that prolong the manufacturer's warranty for up to five years and cover additional incidents, at an additional cost.

Our Corporate Structure

We are a holding company, and we have four subsidiary sub-holding companies:

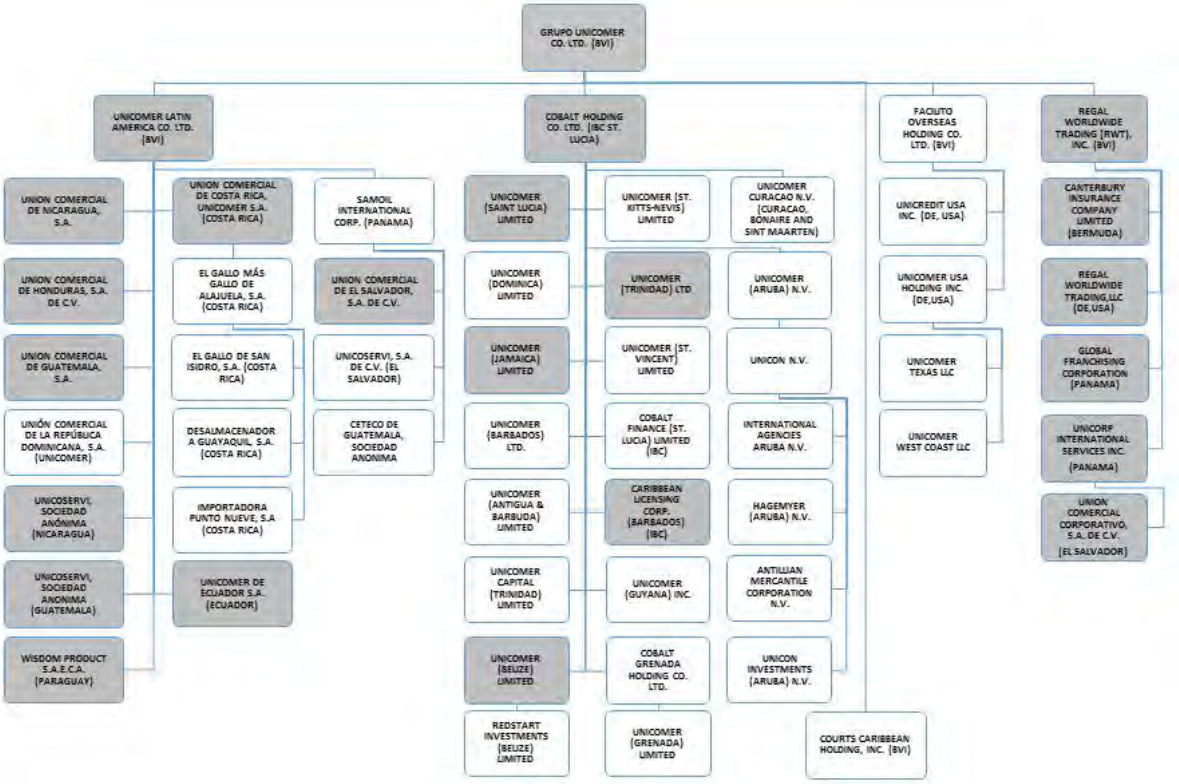
- Unicomer Latin America Co. Ltd., a British Virgin Islands company ("ULA"), is a holding company for all of our Central American, Ecuador and Dominican Republic operations;

- Cobalt Holding Co. Ltd., a British Virgin Islands company ("Cobalt"), is a holding company for all of our operations in our Caribbean market;

- Facilito Overseas Holding Co. Ltd., a British Virgin Islands company ("Facilito Overseas"), is a holding company for all of our United States' operations; and

- Regal Worldwide Trading Inc., a British Virgin Islands company ("RWT"), is the holding company of a Delaware entity that conducts all of our purchasing transactions and a regulated Bermuda based insurance company ("Canterbury").

The diagram below shows our organizational structure, including Unicomer Group's principal subsidiaries (Unicomer West Coast LLC and Cobalt Finance (St. Lucia) Ltd. (IBC) are inactive). Each of Unicomer Group's subsidiaries is wholly-owned by its parent company, except where the laws of the jurisdictions of incorporation require such entity to have more than one shareholder. In such cases, we have designated nominees to hold the minimum number of equity interests necessary to satisfy such legal requirement.



* Shading indicates guarantors.

Our Competitive Strengths

We believe our business has the following competitive strengths:

Strong market position and long-term growth potential

We believe that we are well positioned for growth in each of the countries where we operate. We primarily target middle to lower-middle income segments of the population, which represent a majority of the population in each of those countries. We cater to a broad range of customers and target varied segments of the population through our various brands. The countries in which we operate have recently experienced demographic trends, such as grown children moving out of their parents' homes at an earlier age. These changes have led to a greater number of households, which in turn has led to an increasing demand for consumer products. At the same time, our target customers have increasing purchasing power and stability as a result of macroeconomic growth and general institutional consolidation in the countries where we operate. As our customers' financial condition improves and their discretionary income increases, we expect increased penetration of certain products, such as washing machines, dryers and hand-held devices, as well as upgrades in appliances and flat-screen televisions.

We believe there are still significant opportunities for growth within our existing markets, such as Costa Rica, Ecuador, Nicaragua, Dominican Republic, Paraguay, the United States, Trinidad and Guyana, through increased penetration among several of our product lines. We also believe we are well prepared to tap significant new opportunities in markets where we do not currently operate in Latin America, in addition to non-English speaking markets in the Caribbean. Since the formation of the Unicomer Group in 2000, we have successfully executed and integrated new acquisitions and also expanded through organic growth, including the creation of new store brands. From September 2000 to March 31, 2016, we have recorded a compound annual growth rate (CAGR) of 11.5% of organic growth in merchandise sales and 13.9% of growth in merchandise sales through acquisitions. We continuously seek out and explore new opportunities for growth.

Geographic and product diversification

Although we primarily operate in emerging markets, some of which are subject to greater economic and political instability than developed markets, we benefit from significant geographical diversification: we are a retailer of durable consumer goods with retail operations in 24 countries across Latin America, the Caribbean and the states of Texas and New York in the United States, with Costa Rica, our largest country operation, represents 20.8% of our consolidated revenues and 16.2% of our total Adjusted EBITDA as of the nine months ended December 31, 2016. All of the countries in which we operate have the United States as a major economic partner, but each interacts with the United States' economy in a different way and relies on different sectors of United States' economic activity for its economic success. Some countries in which we operate are heavy oil importers, others less so, Ecuador is oil exporter and Trinidad & Tobago is oil and natural gas exporter. Other countries depend heavily on agriculture, remittances, tourism and mining, among others. Some have adopted the U.S. dollar as their own currency, others manage their currency carefully against the U.S. dollar, while others let their currency float freely against the U.S. dollar. We believe this diversification is an important strength of our operations, as it allows us to stabilize our financial results while operating in markets that are generally considered to be less predictable than those of more established economies.

In addition to our geographic diversification, we offer a wide range of products within all major consumer products categories, including household appliances, consumer electronics, computer equipment, mobile devices, home furniture, bedding, motorcycles, exercise equipment, and optical wear. Our electronics and household product range includes premium world brands like Sony, Panasonic, Samsung, LG, Whirlpool, Frigidaire, General Electric, as well as a mixture of entry-level brands. In addition to retail sales, our various business lines, such as extended warranties, consumer finance and insurance all contribute to our revenues, which allows us to stabilize our profits.

Well-established player in countries with high barriers to entry

Our large network of stores and distribution centers throughout Latin America and the Caribbean provides an extensive distribution channel through which we can launch new products and services to our target market. Moreover, our established retail store and distribution infrastructure, in particular the location and geographic coverage of our stores and distribution centers, allows us to continue our expansion plans efficiently and gives us a significant advantage over existing and new competitors. As of March 31, 2016, we have achieved a market share of more than 40% in 11 of the countries in which we operate and 20% or more in an additional six countries.

We offer a broad assortment of well-recognized brands, low prices, personalized customer service and convenient consumer finance programs, which we believe have strengthened our customer loyalty. We trust our stores have strong brand recognition, particularly in the middle- and lower-middle-income segments, which we continually reinforce through an aggressive multi-media advertising program throughout the countries where we operate. In addition, we consider that our strong market position in the retail industry in our Latin American and Caribbean markets has enhanced our ability to negotiate better prices with our suppliers.

We believe there are significant barriers to entry into our business. In addition to capital costs, doing business in the countries where we operate requires specialized knowledge of the local market. Moreover, in most of our Caribbean markets, obtaining viable and available premium commercial space would be challenging, if not impossible, for new market entrants. Since our formation and through relationships established over the years by our original and recently acquired chains, we have established long-standing credit relationships with customers that span several generations. In our view, it would be difficult for any new competitor to achieve our level of competency, market position, market penetration and brand awareness in the near future.

Efficient operations infrastructure

We have an efficient and well-managed operations infrastructure, including retail, consumer finance and back office operations. Our existing infrastructure enables us to offer new products and services and ensure excellent standardized service for our customers. We have a centralized international purchasing system through Regal Worldwide Trading (BVI) which completes purchasing transactions for Unicomer Group. We believe that centralized purchasing through RWT gives us better bargaining power with our suppliers, more favorable credit terms and minimizes our transactions processes and logistics costs.

In May 2010, we established our Shared Services Center (SSC) with the principal objective of improving financial and accounting controls. Once fully developed, we expect the SSC to lower our costs per transaction by

driving efficiencies and implementing various cost-cutting strategies across multiple lines of business and regions. Until fully implemented across all regions and countries, our SSC will continue to show some elevated costs in operating expenditures until economies of scales can be achieved; however, our SSC has been able to increase productivity (transactions per full-time employee) from the fiscal year ended March 31, 2013 to the fiscal year ended March 31, 2016. Once we finalize the OCR scanning software implementation, we expect to further increase productivity.

Proven track record in consumer financing

One of our competitive advantages is the opportunity we provide for flexible, affordable and easy-to-obtain credit plans, particularly to customers in the segment of the population that typically has had little or no access to consumer credit. The credit plans are characterized by low monthly installments, competitive differentiated interest rates, zero-down offers, fast approval, no additional charges (except for past-due fees) and the ability to pay at any of the chain's local stores. Established customers with good credit also qualify for special credit plans, such as lower rates, and can obtain cash loans for their personal needs. Our consumer finance operations include credit sales, cash loans and credit protection insurance. See "—Consumer Finance Business." We believe that this combination of financial services enhances consumer experience and complements our retail business by reinforcing our long-term relationship with our consumers.

At the same time, we maintain prudent risk management and credit evaluation policies and procedures to ensure the quality of our credit portfolio. Our credit portfolio is managed in-house using a combination of purchased technology and proprietary software, adapted as necessary to our operating environments. This allows us to maintain a thorough customer database, which also enables us to inform customers of new products and special promotions. Non-performing loans, defined as the loan balances of accounts with an installment past due more than 90 days of delinquency, and which include both credit sales and cash loans portfolios, represented 6.9% of our overall portfolio as of December 31, 2016. Combined with our in-depth knowledge of the retail industry, we believe that our extensive experience with risk management and consumer financing represents a competitive advantage.

Strong and experienced management team and committed shareholder base

Our senior management team, which is led by Mr. Mario Siman, our chairman and CEO, has an average of 23 years of retail industry experience. Four members of Milady Associates Ltd., all of whom have worked in retail companies, serve on our board of directors, and three members serve on our senior management team.

Senior management has successfully fostered a work culture based on teamwork and focused on continuous improvement and commercial innovation. We hire, promote and compensate management based upon defined evaluation criteria that we believe create strong performance incentives. As part of those incentives, we make a significant proportion of management compensation dependent on the individual performance of the manager, as well as business unit financial performance. We believe that our goal-oriented culture and incentive programs have contributed to the development of a motivated and well-aligned executive team that is dedicated to serving our customers' needs and ensuring the sustainability of our business.

We also benefit from the support and experience of our shareholder base, including the Milady Group and Liverpool. The Milady Group has been in the retail industry since 1921 and today is one of the largest department store operators in the Central American region. Liverpool is a leading Mexican retailer that has been in the industry since 1847 and currently has 122 department stores, 25 shopping malls and 88 specialized boutiques in Mexico. With Liverpool as our partner since 2010, we have been able to focus on executing a "One Company" strategy to integrate all of our operations, working to reinforce the human resources, business process and technology areas, while at the same time continue growing organically and venturing into other countries through acquisition opportunities in Latin America.

Our Strategy

We seek to further expand our sales and boost our profitability by capitalizing on our position as a leading retailer of durable consumer goods in our established markets and by leveraging our distribution network and customer base to offer new products and services. Despite our presence in various countries, we work seamlessly as a single company, focusing on the same objectives and implementing best practices consistently throughout the organization.

Our strategic pillars act as the framework for our common objectives. Key elements of our strategy include the following:

Continue to focus on profitability and growth

We intend to continue to capitalize on the benefits of our extensive store network in our established markets to introduce new products and services such as consumer loans, credit cards, current accounts and credit plans increasingly tailored to the characteristics of our customers. We plan to develop products and services that we believe will best leverage our current retail and consumer finance competencies, while providing benefits to customers and increasing traffic to our stores. We also plan to continue to emphasize installment sales to increase the number of potential customers and the purchasing power of our existing customers. We are considering new financial products that will allow us to leverage our customer base, our store network and our consumer finance competencies. Additionally, we intend to cross-sell our financial products among our different brands to increase growth and revenue generation.

Our cash flow from operations, which for the past two fiscal years has been strong and stable, enables us to fund our acquisitions while maintaining a stable debt profile. We plan to continue growing both in our existing markets as well as in new markets. We will continue to evaluate opportunities to acquire complementary retail operations in our existing markets and in new markets. We plan to further expand our current brands in our established markets in both Latin America and the Caribbean.

Create greater efficiencies through operational excellence

We intend to fully standardize our operating procedures and take steps to decrease overhead costs, create economies of scale and maximize purchasing power with suppliers, through preferred pricing arrangements and other policies. We also intend to achieve greater efficiency in our operations and increase revenue by taking the following steps:

- *Investing in Technology.* We will continue to develop information and merchandise management systems that will allow us to manage our high-volume operations even more efficiently and take full advantage of the communications network linking most of our stores. We intend to continue to integrate our information technology systems among all our brands for accounting, finance and budgeting to further strengthen cost saving logistics and operational efficiencies. In particular, we will continue to seek greater integration of and efficiency in our most recent acquisitions.

- *Improving Logistics.* We intend to expand our distribution centers to facilitate future growth and further reduce lead time to promote efficient movement of merchandise from suppliers to retail outlets and decrease stock-outs of inventory during peak periods.

Continue to invest in our employees

We firmly believe that our workforce is an essential element in the future success of our business. We will continue to emphasize the contributions of the individual performances of our managers while providing them with training and development opportunities within our organization. We will also continue to motivate our managers and employees with cash bonuses, public recognition of employee efforts and other incentive programs.

Continue to improve customer experience

Without jeopardizing our current levels of profitability, we intend to continue to provide and improve levels of customer service. We intend to grow our customer base by attracting younger consumers with affordable products and providing after-sale customer service support to retain their loyalty as they mature, their preferences change and incomes rise. In addition to providing credit to support the purchasing habits of our target market, we have developed loyalty programs to encourage future use of such services.

We also plan to expand our store formats to appeal to our increasingly diverse target market. We have re-launched our virtual store for our Latin American market and have launched our virtual store for our Caribbean market. We are also in the process of opening mega-stores in the countries where we serve larger markets.

History

Formation of Unicomer Group by the Milady Group and CDC Group plc

On September 12, 2000, Milady Associates Ltd. (as 70% owner) (through Infotech of the Caribbean and Central America Corp.) and the CDC Group plc, a UK government owned private equity fund (as 30% owner), formed the Unicomer Group.

On October 1, 2000, we acquired the Guatemalan, Salvadoran, Nicaraguan and Honduran assets (including the brands) of Ceteco Group, a publicly-traded Dutch retailer that entered into insolvency as a result of poor performance in other regions. The chains acquired included La Curacao and Almacenes Tropigas, which remain fundamental to our operations in Central America. For our subsidiary Unión Comercial de Nicaragua, S.A., payment for a portion of the shares is pending.

CDC Group plc's investment in us was managed by Actis Capital LLP, and after a very successful 10-year partnership, sold its participation in the Unicomer Group to Liverpool, a Mexican retailer, in April 2010.

The Milady Group is a strong retail operator in the Central American region and has been in operation since the early 1920s. Since 2002, it has been granted and is operating the franchise rights of all Inditex brands for the Central American market.

In 1990, the Milady Group founded the Prisma Hogar chain in El Salvador, and in 1998 they acquired the RadioShack franchise in El Salvador. These chains were transferred to the Unicomer Group in 2000, and Prisma Hogar stores have since been converted into other chain brands in the Unicomer Group.

Growth and Acquisitions

From 2000 to 2003, our operations focused on turn-around efforts for the newly-acquired La Curacao and Almacenes Tropigas businesses, which had suffered from under-investment in advertising, marketing, merchandising and capital improvements. During this time, we experienced strong growth in these chains.

In 2004, we commenced operations in the United States with two stores in Houston, at the time selling only for delivery in Central America. The initial focus of the operation was to offer Central American immigrants the opportunity to purchase durable consumer goods for delivery in Central America, without having to go through expensive and unreliable intermediaries and freight forwarders. Currently, our five stores in the United States also sell locally. In 2004, we also started operations in Dominican Republic with the La Curacao brand. We started with two stores, and we currently operate 21 stores throughout the island.

In 2005, we expanded our services with Opticas La Curacao, which aims to provide customers lenses, frames and sunglasses, as well as eye consultations with specialists and advanced technology equipment. We offer installment sales and consumer financing at these stores to enable customers to finance their purchases, which is unique for optical stores.

In 2008, we initiated operations of a La Curacao branch in Costa Rica.

Acquisition of Courts

In December 2006, Milady Associates Ltd. and CDC Group plc acquired the Caribbean operations of Courts plc, a United Kingdom publicly-traded company that entered into receivership in late 2004 due to the poor performance of its United Kingdom subsidiary. Courts' operations in the Caribbean were profitable and had strong management and operational characteristics remarkably similar to Unicomer, both in terms of commercial positioning and back office operations. The acquisition process required the execution of two public tender offers for the majority of the shares of Courts (Jamaica) Limited and Courts (Barbados) Limited, which were publicly held and ultimately de-listed. Courts has retail operations in 11 Caribbean countries, including Antigua, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Vincent, St. Kitts, St. Lucia and Trinidad & Tobago. The legal entities were renamed to reflect the Unicomer brand names over a period from 2008 to 2011.

As part of the Courts acquisition in 2006, we acquired a regulated captive insurance company, based in Bermuda that specializes in reinsuring retail credit insurance products and extended warranty products. These

policies offer several levels of coverage with premiums that are charged as a percentage of the purchase price of goods financed on credit.

As part of an overall corporate restructuring at the time of the Courts acquisition, we segregated our Central American and Dominican Republic operations under our subsidiary, Unicomer Latin America Co. Ltd. Holding (BVI), and our United States operations were segregated under our subsidiary, Facilito Overseas Holding Co. Ltd. (BVI), while the Caribbean Courts operations were gathered under the Courts Caribbean Holding Co. Inc. Holding (BVI), which owned 100% of Cobalt Holding Co. Ltd. (St Lucia IBC), the 100% owner of the subsidiary operations acquired from Courts plc.

In 2007, we initiated operations with the new Lucky Dollar chain in the Caribbean and Almacenes Tropigas in Belize to target lower-middle income customers. In 2008, we opened a Courts Caribbean store in Brooklyn, New York and in 2010, we opened a store in Queens, New York, both targeting immigrant sales in the United States.

Partnering with Liverpool

In April 2010, as our partner CDC Group was looking to exit its investment after a very successful 10-year venture with Milady Associates Ltd., we facilitated the process and sale of CDC Group's 30% participation in Unicomer Group to Liverpool, the leading department store retailer in Mexico. In May 2010, Liverpool acquired a 50% ownership of Unicomer Group. Shareholders contributed US$109 million of cash to further capitalize the Unicomer Group in order to fund the expansion in Latin America and also capitalized a financial equity instrument in an amount of US$11 million.

With this new partner, a well-capitalized and experienced retailer with a very long term outlook on its investment in us, we were able to focus on executing a "One Company" strategy to integrate all of our operations, working to reinforce the human resources, business process and technology areas, while at the same time continuing to grow organically and venturing into other countries through acquisition opportunities in Latin America.

Acquisition of Artefacta

In November 2011, we acquired the Artefacta operations in Ecuador, consisting of 93 stores and 1,062 employees. This Ecuadoran company was founded with Peruvian capital in 1989. Artefacta's line of business is very similar to our main brands.

Artefacta sells local and imported appliance brands. Additionally, it has offered extended warranties since 1996, and it expanded its product lines to include motorcycles and cell phones in 2002, becoming one of the first stores to offer such products at that time. To stay ahead in technological products, the company began offering desktops and laptops in 2002, which are currently some of the fastest growing product lines for the stores. Artefacta was also the first to offer insurance policies including life, accident, and unemployment insurances in Ecuador.

At the time of the acquisition, Artefacta had the second position in top-of-mind awareness for consumers in Ecuador.

Acquisition of Gollo

We acquired the Gollo chain in September 2012. As of December 2016, Gollo has 130 stores. Gollo was founded in 1974 in Costa Rica. The company expanded rapidly based on aggressive marketing, payment facilities and financial consolidation. Gollo is the number one store chain in its market segment according to last purchase surveys conducted by Dichter & Neira.

The store image changed in 2000 with the idea of presenting a younger and renovated concept. In 2004, Gollo became the trade name of the chain and a key part of the advertising graphics.

Acquisition of AMC UNICON

We acquired AMC UNICON in September 2014, consisting of three AMC UNICON stores, one Hagemyer store, one Pricehacker store and one Home & Nature store. As of December 31, 2016, AMC UNICON had four stores in Aruba.

The AMC UNICON chain in Aruba, tracing its roots to 1955, operates four stores on the island selling air conditioning equipment, household appliances and electronics to the middle and middle-low income segments of the population. It is widely recognized locally as a full-service retailer offering credit, extended warranty and repair and installation services.

The Hagemyer store in Aruba started operations in 1996 and sells higher-end household appliances and furniture to the middle and middle-high income segments of the population.

The Home & Nature store in Aruba opened in 2002 and sells mostly Indonesian furniture and home accessories to middle income and more affluent customers looking for more unique and one-of-a-kind pieces for their homes.

Global Franchising Corporation

In April 2015, we acquired brands, intellectual property and contracts of existing RadioShack franchisees throughout Central America, South America and the Caribbean. This will allow us to consolidate and promote the brand with current franchisees, and will also give us the opportunity to consolidate our expansion strategy in countries where we currently are not present.

Acquisition of Electrofácil

In December 2015, we acquired the Electrofácil operations in Paraguay, consisting of 12 stores and 97 employees. This Paraguayan company was founded in 2008 and specialized in the retailing of white goods, electronics, furniture and audio. We hold this company through our subsidiary Wisdom Product S.A.E.C.A., for which payment for a portion of the shares is pending.

Electrofácil became the first retail company in Paraguay to issue shares in the local stock exchange in 2012.

Founded in 2008, Electrofácil is the fourth largest retailer according to estimates by local management. We currently operate 34 stores in the country and target the middle-income market through innovative offers and credit options for home purchases, personal electronics and appliances.

Acquisition of OMNI

We acquired OMNI in April 2016, consisting of four OMNI stores in Curaçao, one store in St. Maarten and one store in Bonaire selling major appliances, electronics, and air conditioning equipment to a broad range of customers and small commercial customers. OMNI also operates authorized service centers providing after sales support and installation services for retail and commercial air conditioning customers, as well as an OMNI Outlet center that mainly sells refurbished appliances and parts. In April 2016, Unicomer acquired the RadioShack franchise in Curaçao expanding OMNI's market reach with traditional RadioShack products and a variety of high rotation automotive supplies and accessories.

Our Stores

As a result of certain large-scale acquisitions as well as organic expansion in the 17 years since our formation, as of December 31, 2016, we served customers in 24 countries and operated 1,061 stores with over 4.2 million square feet of retail space under various brands. Our store chains target similar customer segments in the countries that comprise our Latin American, Caribbean and United States businesses. We believe that our retail brands are well-recognized locally and regionally and continually earn the highest top-of-mind rankings among consumers every year. The following is a synopsis of our operations by major geographical regions:

- Latin America:
    - *La Curacao.* Founded in 1890, La Curacao began operations in Central America in 1945, and Unicomer Group acquired its Central American operations in 2000. La Curacao is our longest established brand, with a history dating back almost 70 years, and is the cornerstone upon which we began our operations in 2000. We currently operate 226 stores under this brand in Central America and Dominican Republic, targeting primarily the middle-income segment of the population. La Curacao is a household name with the highest brand recognition and popularity in the region according to Dichter & Neira.

- *Gollo.* We acquired the Gollo retail chain in Costa Rica in September 2012. Founded in 1974, Gollo is a well-recognized retailer. We currently operate 130 stores in the country and target the middle-income market through innovative offers and credit options for home purchases, personal electronics and appliances. Gollo leads the retail category with 54% top-of-mind awareness among local consumers according to Dichter & Neira.

- *Artefacta.* Artefacta was founded in 1989 as an electrical appliances manufacturing company in Ecuador. In 1990 it expanded its charter to include retail operations to provide a direct distribution channel to Ecuadorian consumers. Artefacta is the second largest retailer in number of sales outlets currently with 135 stores in the country. Artefacta targets the middle-income market and currently holds the number second spot in top-of-mind awareness in its category according to Habitus. Artefacta joined the Unicomer Group in 2011 and with our guidance is broadening its product range to include furniture and bedding, with the goal of accelerating the chain's growth and enhancing its profitability.

- *Almacenes Tropigas.* Founded in 1955, this chain was acquired in 2000 by Unicomer Group as part of the acquisition of the Central American operations of CETECO. Currently with 154 stores throughout our Latin American market and Belize, Almacenes Tropigas targets the middle- to low-income market, primarily those customers interested in a strong value-for-money component.

- *RadioShack.* Milady Associates Ltd. acquired its first RadioShack franchise in 1998 in El Salvador and Unicomer Group has since extended operations to the rest of our Latin American market. RadioShack targets all segments of the population with a wide variety of specialty products. We currently operate 61 stores in El Salvador, Honduras, Guatemala and Nicaragua.

- *Loco Luis.* Loco Luis was founded in 1973 and acquired by Unicomer Group in 2000 as part of our acquisition of the Central American operations of CETECO. Loco Luis caters to consumers interested in acquiring previously owned or new but slightly damaged products at attractive low prices. The stores also sell reconditioned products refurbished by our service centers to our high levels of operating and safety standards. This chain currently operates seven stores in our Latin American market.

- *Opticas La Curacao*. Currently with 47 stores located throughout Central America, Opticas La Curacao is a "Shop-in-Shop" retailer of eyewear and other vision products. Its competitive advantage against mainline optical competitors is the broad range of credit options it makes available for the purchase of its eyewear.

- *Gollo Opticas.* In 2014, we launched optical store chain "Gollo Opticas" with the same concept as "Opticas La Curacao" but taking advantage of the strength of the Gollo brand and the experience of the optical team. As of December 31, 2016, there were nine Gollo Opticas stores.

- *Servitotal.* Founded in 1947, Servitotal's Central American operations were acquired by Unicomer Group in 2000. Servitotal is a chain of technical service centers located in our Latin American market that provides repair services for household appliances and consumer electronics to our retail customers as well as all the additional services under our extended warranty program, such as preventive maintenance and product replacement. Servitotal is an authorized service center for the following brands: Whirlpool, Philips, Frigidaire, LG, Black & Decker, Tappan, Apple, Sony, TCL®, Mastertech, Indurama, Panasonic and Samsung. Servitotal offers instant repairs for small appliances and installation of sound equipment in vehicles. Servitotal centers also offer accessories and replacement parts for the products they serve. Servitotal currently has 20 service centers throughout our Latin American market. We believe that the in-house full service concept is perceived by our customers as a solid competitive strength of our retail business.

- *Baratodo*. Baratodo is a recently introduced brand in Ecuador patterned after the Almacenes Tropigas business model. It targets the low-income market and uses Tropigas's distinctive branding, colors, layouts, strategies and products line-up, among other features. Baratodo currently has 12 stores in Ecuador.

- *AKT*. The Unicomer Group opened its first AKT standalone store on March 11, 2014 in Managua, Nicaragua. AKT is a leading brand of motorcycles that we co-own with a Colombian company, Colombiana de Comercio, S.A., with whom we have made an alliance to develop the brand within Unicomer Group's markets. AKT is already the number two brand in Colombia. We opened an AKT store given the success achieved in the introduction of the brand in our stores few years ago.

- *TropiMotors*. TropiMotors opened its doors in 2013 to address the need for specialization by our motorized customer in different markets. It offers a wide range of motorcycle and accessory brands with financial options designed for the entrepreneurial segment.

- *La Curacao Cash*. La Curacao Cash was established in order to give added value to preferential customers by providing cash loans to be paid in installments. This concept began in Guatemala in 2013. Due to its success, now it is now also present in Honduras, El Salvador, Nicaragua and Dominican Republic. As of December 31, 2016, there were 43 stores.

- *Electrofácil*. We acquired the Electrofácil retail chain in Paraguay in December 2015. Founded in 2008, Electrofácil is the fourth largest retailer according to estimates by local management. We currently operate 34 stores in the country and target the middle-income market through innovative offers and credit options for home purchases, personal electronics and appliances.

- Caribbean:

  - *Courts.* Established in 1850 in England, Courts began its operations in the Caribbean in 1959, and Unicomer Group acquired the Caribbean operations in 2006. Courts is the market leader in retail sales of furniture, appliances and electronics in 11 Caribbean countries served. We currently operate 87 Courts stores in the region targeting a broad range of customers with a primary emphasis on the middle-income segment. Courts is widely regarded as the premier retailer of durable consumer goods with the best, affordable, flexible and easy credit programs across the English-speaking Caribbean. It leads in top-of-mind awareness according to Market Insight Inc. (Barbados), Marketing Strategy (Jamaica) and Qure Limited (Trinidad, Guyana, Antigua, St. Kitts, St. Lucia, St. Vincent, Grenada and Dominica).

  - *Lucky Dollar.* We introduced a store concept similar to Almacenes Tropigas to the Caribbean with the launch of the Lucky Dollar chain in late 2007, reaching an underserved market in the lower-middle-income segment in Jamaica, Trinidad and Guyana. Today, Lucky Dollar currently operates 20 stores and offers narrow ranges of basic durable consumer products of well-known brands, typically at more affordable prices than the ranges available at Courts.

  - *Bargain Center.* Bargain Center offers slightly damaged and also repossessed goods from our Courts and Lucky Dollar chains to customers in our Caribbean market. It offers these products after they have been repaired and certified by our technical service teams as safe for use. We currently have seven stores throughout the region.

  - *Servitech.* Servitech is our branded chain of technical service centers in the Caribbean market that provides repair services for household appliances and consumer electronics to our retail customers and also provides all the additional services under our extended warranty program, such as product replacement. Servitech is an authorized service center for Whirlpool, Electrolux, Philips, Frigidaire, Mabe, GE, LG, Samsung, Panasonic, Sony, Acer, Maytag, Indurama, HP, Sharp, Toshiba, Casio, Brother, Admiral, Gateway, Eureka and Kitchen Aid. Servitech also sells accessories and replacement parts for core-line products sold by our Courts and Lucky Dollar stores. Servitech currently operates four service centers under its brand name in Belize, Barbados, Saint Lucia and Trinidad; other existing service centers in four other countries where we operate are to be rebranded into Servitech in the next couple of years. We believe the in-house full service concept is perceived by our customers as a solid competitive strength of our retail business.

  - *Courts Optical.* The Courts Optical chain is the Caribbean version of Opticas La Curacao. It offers consumers eyewear and other vision products in a similar "Shop-in-Shop" environment in selected Courts stores and also in standalone store formats where the opportunity warrants it. Since its

introduction in December 2012, as a pilot program prior to expansion to the rest of our Caribbean market, we have successfully opened 36 stores in our Caribbean market. Courts Optical has been particularly popular with our low-income customers as the chain enables them to use our installment loan credit programs to buy eyewear that previously could be purchased with cash only.

- *AMC UNICON.* The AMC Unicon chain in Aruba, tracing its roots to 1955, operates three stores on the island selling air conditioning equipment, household appliances and electronics to the middle and middle-low income segments of the population. It is widely recognized locally as a full-service retailer offering credit, extended warranty and repair and installation services.

- *Hagemyer.* The Hagemyer store in Aruba started operations in 1996 and sells higher-end household appliances and furniture to the middle and middle-high income segments of the population.

- *Home & Nature.* The Home & Nature store in Aruba opened in 2002 and sells mostly Indonesian furniture and home accessories to middle income and more affluent customers looking for more unique and one-of-a-kind pieces for their homes.

- *Source1.* Source1 opened in 2002. The Aruban analog of Servitech, Source1 sells parts and installation materials to air conditioning and technical repair contractors serving both consumers and the businesses.

- *Pricehacker.* The Pricehacker opened in 2011 is a low-end store, selling refurbished and scratched and dented appliances, and a variety of household products at accessible prices.

- *OMNI.* The OMNI chain was founded in 1982 and currently operates six stores (four in Curaçao, one in Bonaire and one in St. Maarten) selling major appliances, electronics, and air conditioning equipment to a broad range of customers and small commercial customers. It also operates authorized service centers providing after sales support and installation services for retail and commercial air conditioning customers, as well as an OMNI Outlet center that mainly sells refurbished appliances and parts. In April 2016, Unicomer acquired the RadioShack franchise in Curaçao expanding OMNI's market reach with traditional RadioShack products and a variety of high rotation automotive supplies and accessories.

- *Courts Cash.* Courts Cash began in Jamaica in 2015 following the success of cash stores in the Latin American region. Following further expansion in Jamaica and into our Belize market, we expect to continue expanding this chain to other Caribbean countries in accordance with local regulation. As of December 31, 2016, there were 13 branches.

- United States:

  - *Unicomer and Courts Caribbean.* In the United States, we have a minor presence in Houston and New York City (three stores and two stores respectively) that serves the needs of local Latin American and Caribbean emigrants of all income levels for durable consumer products. We distinguish ourselves in this highly competitive environment by targeting niche ethnic markets with tailored credit programs. We also offer to deliver products bought in our United States outlets to the customer's country of origin within two days through our local sister operations. See "—Our Markets— United States"

Most of our stores are located in population centers on a stand-alone basis, but 158 (14.9% of our total stores) are located in shopping malls. The average selling area of our stores varies greatly by chain. The table below provides summary information about our chains' locations and total selling area of our stores as of December 31, 2016:

Store	Total number of stores	Shopping Mall Locations	Stand-Alone Locations	Total Selling Area
La Curacao	226	57	169	1,338,831
Almacenes Tropigas	154	9	145	533,031
Gollo	130	2	128	829,105
Artefacta	135	10	125	249,461

Store	Total number of stores	Shopping Mall Locations	Stand-Alone Locations	Total Selling Area
Electrofácil	34	0	34	77,037
RadioShack	62	34	28	46,592
AKT	1	0	1	1,808
Gollo Motors	1	0	1	1,936
Loco Luis	7	0	7	20,774
Opticas La Curacao	47	24	23	30,827
Gollo Opticas	9	0	9	5,601
Baratodo	12	2	10	78,781
La Curacao Cash	43	10	33	18,594
Courts Cash	13	1	12	6,958
Tropimotors	17	0	17	13,753
Courts	87	5	82	742,546
Lucky Dollar	20	0	20	69,494
OMNI	6	0	6	16,610
Unicomer USA	5	2	3	28,539
Bargain Center	7	0	7	28,448
Courts Optical	36	2	34	26,628
AMC UNICON	4	0	4	17,538
Hagemyer	1	0	1	7,589
Home & Nature	1	0	1	7,000
Pricehacker	1	0	1	4,682
Ashley	2	0	2	27,815
Total	**1,061**	**158**	**903**	**4,229,977**

We continuously monitor our stores and have developed systems and processes for conducting financial, capital, sales and marketing performance review. Our experienced management team evaluates these factors and makes investment and operational decisions that enhance performance and returns, including whether to expand, renovate or close stores.

The process for opening a new store begins with selecting a location and analyzing the market potential of the area. We focus on demographics, economic drivers and local and/or tourism traffic patterns. A thorough competitive analysis is also important at this stage, so we identify the activity of major wholesalers and retailers in the area with a particular emphasis on their locations and product and credit offers. It can be difficult to find locations that meet our minimum size requirements and minimum retail standards for new stores.

For each recommended location, chain managers in the respective countries assess the financial feasibility of the projected investment, reviewing a series of key indicators that we have found to be good predictors of future performance. These include sales per square foot, product margin, credit mix, and EBIT margin, among others. During this process, we also create financial models to compare the performance of the new store with other similar stores in our network. The completed project plan is submitted for approval to the General Manager of the country and, with his recommendation, the project is sent to the Vice President of the region for final approval.

Continuation of business in any retail location, whether owned or leased, is subject to periodic performance reviews of past results against the plan and the attractiveness of the future potential opportunity given demographic and urban development trends and competitive activity in the area. In the last five years, as a result of negative performance reviews, we closed 23 stores in our Latin America operations and five in the Caribbean, while continuing to expand aggressively all of our retail concepts and modernize existing locations in a quest to retain market leadership in every market served. The remodeling activity is an ongoing process led by our regional management teams. It is built into our annual operating and capital expenditure budgets.

Our Operations

Our Store Network

Latin America

We believe that our Latin American stores provide a pleasant shopping experience with excellent customer service. They are located in main towns and cities near high traffic areas, such as markets and bus terminals, where there is a high volume of walk-in traffic. Our stores provide customers with a high level of comfort and attractive layouts with pathway and traffic flow management. Our items are displayed for customers to see and touch in a natural room setting.

The following table illustrates the different points-of-sales in each country in our Latin American market as of December 31, 2016:

	El Salvador	Guatemala	Honduras	Nicaragua	Costa Rica	Ecuador	Dominican Republic	Paraguay	Total
La Curacao	37	65	46	43	20	0	15	0	226
Almacenes Tropigas	41	32	31	46	0	0	0	0	150
Gollo	0	0	0	0	130	0	0	0	130
Artefacta	0	0	0	0	0	135	0	0	135
RadioShack	13	15	16	17	0	0	0	0	61
Electrofácil	0	0	0	0	0	0	0	34	34
AKT	0	0	0	1	0	0	0	0	1
Gollo Motors	0	0	0	0	1	0	0	0	1
Loco Luis	2	2	1	1	0	0	1	0	7
Baratodo	0	0	0	0	0	12	0	0	12
Opticas La Curacao	12	13	13	9	0	0	0	0	47
Gollo Opticas	0	0	0	0	9	0	0	0	9
La Curacao Cash	0	16	11	11	0	0	5	0	43
Tropimotors	0	2	2	1	0	12	0	0	17
Total	**105**	**145**	**120**	**129**	**160**	**159**	**21**	**34**	**873**

Product sales per average square foot were $180 as of December 31, 2016. Due to a greater geographic area within each of the countries served, stores are smaller than the ones in our Caribbean market.

The following table illustrates our total number of stores in our Latin American market by country, average store size per country and total sales area, each as of December 31, 2016:

	Number of Stores	Average Store Size (in square feet)	Total Sales Area (in square feet)
Costa Rica	160	5,755	920,852
Ecuador	159	2,122	337,442
Guatemala	145	3,786	548,980
Nicaragua	129	3,042	392,415
Honduras	120	4,081	489,765
El Salvador	105	3,516	369,169
Paraguay	34	2,266	77,037
Dominican Republic	21	4,599	96,583
Total	**873**	**3,702**	**3,232,243**

The Caribbean

Our Caribbean operations consist of 183 stores located throughout 15 countries and operated through several retail chains, among which Courts predominates as the market leader in the region. Since 2007, we operate Lucky Dollar, in Jamaica and Trinidad, and the Almacenes Tropigas store in Belize. Lucky Dollar and Almacenes Tropigas stores target a lower income segment of the market, which had not been previously targeted by Courts. The decision to use the Almacenes Tropigas brand in Belize stems from the strong brand awareness in Belize from the Almacenes Tropigas stores in neighboring Guatemala and across Central America. Consequently, the Lucky Dollar chain was expanded successfully into Guyana.

The optical store-in-store concept that has been very successful in Central America was introduced in Jamaica in December 2012, rolled out in Trinidad in March 2013, and introduced in Barbados in 2014. Expansion into the eyewear market allows us to tap into a new market segment, leveraging Courts' strong consumer credit plans to achieve top-of-mind awareness among consumers in the region where it operates. Courts also operates Bargain Centers by Courts, which specializes in the sale of repossessed and damaged stock.

In 2014, we acquired the store chain AMC UNICON, Hagemyer, Pricehacker and Home & Nature in Aruba, and in 2016 we acquired the stores of OMNI in Curaçao, Bonaire and St. Maarten.

As in Latin America, we believe our Caribbean stores provide a pleasant shopping experience with excellent customer service in an environment that is superior to the competition. Our stores are located in main towns and in cities near high-traffic areas, such as markets and bus terminals where there is a high volume of walk-in traffic. The stores are designed to provide customers with a high level of comfort, using attractive layouts with pathway and traffic flow management. Items are placed on display for customers to see and touch in attractive display fixtures and natural room settings to enable customers to easily make purchasing decisions. "Hot spots" are utilized to attract impulse purchases.

As of December 31, 2016, product sales per average square foot are higher in our Caribbean operations ($291) than what we achieve in our Latin American market ($180). Within our Caribbean market, sales per square foot are highest in the OECS region and Guyana.

The following table illustrates our total number of stores in our Caribbean market by country, average store size and total sales area, each as of December 31, 2016:

	Number of Stores	Average Store Size (in square feet)	Total Sales Area (in square feet)
Trinidad & Tobago	43	5,747	247,100
Jamaica	60	5,021	301,288
OECS Region	28	5462	152,929
Guyana	15	5,091	76,358
Barbados	8	8,524	68,194
Belize	16	4,369	69,906
Aruba	7	5,258	36,809
Curaçao, Bonaire, St. Maarten	6	2,768	16,610
Total	**183**	**5,296**	**969,195**

The following table shows the distribution of our stores by country and chain as of December 31, 2016:

	Jamaica	Trinidad	OECS	Guyana	Barbados	Belize	Aruba	Curaçao, Bonaire, St. Maarten	Total
Courts	26	22	18	8	5	8	0	0	87
Lucky Dollar	10	5	0	5	0	0	0	0	20
Almacenes Tropigas	0	0	0	0	0	4	0	0	4
Courts Cash	11	0	0	0	0	2	0	0	13
Courts Optical	10	14	7	1	2	2	0	0	36
Bargain Center	2	0	3	1	1	0	0	0	7
AMC UNICON	0	0	0	0	0	0	4	0	4
Hagemyer	0	0	0	0	0	0	1	0	1
Home & Nature	0	0	0	0	0	0	1	0	1
Pricehacker	0	0	0	0	0	0	1	0	1
Ashley	1	1	0	0	0	0	0	0	2
OMNI	0	0	0	0	0	0	0	6	6
Total	**60**	**43**	**28**	**15**	**8**	**16**	**7**	**6**	**183**

United States

In the United States, we operate five stores targeted to the niche market of the immigrant population. In Houston, Texas, we operate three stores under the Unicomer brand, and in New York City (Queens and Brooklyn) we operate the other two under the Courts Caribbean brand.

Our average store size in the United States' market is 5,708 square feet, and our total sales area is 28,539 feet. Average product sales per square foot in the United States were $127 as of December 31, 2016. These product sales exclude commissions earned on product sales for export delivery in other countries.

Our Markets

Latin America

In terms of sales volume, Costa Rica is our largest Latin American market, with Ecuador, El Salvador and Guatemala following behind. This is consistent with the size of each economy, the competitive environment and the level of disposable income in each country.

We routinely survey households once a year across all countries where we operate to assess levels of brand awareness and shopping preferences. According to these private surveys, in Costa Rica, Gollo is the retailer most cited by people in terms of top-of-mind awareness. Artefacta in Ecuador ranked second in top-of-mind awareness, second in "store last purchase" category and first in shopping intentions according to Habitus. In Guatemala, through our two major chains, La Curaçao and Almacenes Tropigas, Unicomer Group is the first retailer most often cited by the people we surveyed for top-of-mind awareness, with the strongest brand penetration and level of advertising awareness. Our survey participants ranked La Curacao as their favorite store. Elektra, one of our four main competitors in Guatemala, is ranked second, and Almacenes Tropigas ranked sixth. In El Salvador, La Curacao is the most cited chain in terms of brand awareness and shopping intentions, while national brands Omnisport and Prado, our competitors in El Salvador, are the next most cited chains, with Almacenes Tropigas in fifth position. In Nicaragua, Gallo más Gallo, which is operated by our competitor, Grupo Monge, is rated second in top-of-mind awareness; La Curacao is ranked second in shopping intentions, with Almacenes Tropigas ranked third in both categories. In Honduras, La Curacao is the most cited chain for top-of-mind awareness, Elektra and Diunsa are second and third, and Almacenes Tropigas is ranked seventh for this category. In Paraguay, Electrofácil obtained 16% participation in preferred place for purchase according to a Cuore 2014 survey. Tupi ranks first with 22% participation. Other competitors are Gonzalez Jiménez and Bristol.

The following tables detail the result of our surveys for the fiscal year ended March 31, 2016:

	Top Of Mind		Among Stores Visited		Favorite Store		Store last purchase		Store intend to purchase next	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Costa Rica – GOLLO/La Curacao	60%	1	49%	1	50%	1	47%	1	50%	1
Ecuador – ARTEFACTA/Baratodo	20%	2	17%	2	15%	2	15%	2	18%	1

LA CURACAO / ALMACENES TROPIGAS	Top Of Mind		Among Stores Visited		Favorite Store		Store last purchase		Store intend to purchase next	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
El Salvador	37%	1	33%	1	32%	1	33%	1	32%	1
Guatemala	34%	1	31%	1	31%	1	31%	1	32%	1
Honduras	44%	1	34%	1	33%	1	36%	1	36%	1
Nicaragua	48%	1	38%	1	39%	1	39%	1	41%	1

The following table illustrates our market share for the fiscal year ended March 31, 2016, as determined by us from studies that measure where the last purchases have been made. We are the market leaders in Guatemala, El Salvador, Nicaragua, Honduras and Costa Rica and all chains have strong brand name recognition in these markets.

	Market Share
	(%)
Costa Rica	50%
Ecuador	15%
El Salvador	33%
Guatemala	31%
Nicaragua	39%
Honduras	36%
Dominican Republic	4%
Paraguay	16%

The Caribbean

Trinidad & Tobago, Jamaica and the OECS account for most of the net sales in our Caribbean market in the fiscal year ended March 31, 2016. The results reflect the relative size of the local economies, the level of disposable income in the countries and our dominant share in each market served. The OECS countries have a relatively higher per capita income in the region, so they account for a disproportionate percentage of our Caribbean regional sales. The following chart summarizes our participation in the Caribbean market:

	Market Share
	(%)
Trinidad & Tobago	39%
Jamaica	41%
OECS Region	51%
Guyana	45%
Barbados	41%
Belize	46%
Aruba	31%
Curaçao, Bonaire, St. Maarten	19%

United States

Our United States stores were originally established in 2004, targeting the local Latin American community for delivery in Latin America, thus taking advantage "at source" of the significant flow of remittances sent back to the region. In 2005, we began to offer in-house credit to all our customers, and in 2008 we began to target the Caribbean community in New York City and expanded our service offerings to selling not only for export but also for local delivery.

We believe our operations in the United States, although still very small compared to other specialists serving the emigrant market, have very strong potential for growth. Against other immigrant groups, Latinos and Caribbeans are reputed to maintain particularly strong ties to their home countries, with many visiting regularly and maintaining property and other assets there. Our own market research indicates that our Latin American and Caribbean brands remain highly popular among the immigrant population in the United States, who show recognition and appreciation for our stores and service offerings.

All of our stores in the United States maintain a Latin and Caribbean feel, are located in neighborhoods with high Latino and Caribbean expatriate populations and have staff that is fully bilingual in Spanish and English. The range of products we offer in our United States stores broadly replicates what is available in our stores in Latin America and the Caribbean.

Our revenues (which include local sales, commissions on export sales and finance income earned on credit sales) in the United States reached $6.9 million as of December 31, 2016, and 93.3% of these sales were made on credit. All our stores offer competitive credit packages to customers.

Sales Growth by Market 2012-2016

The following table illustrates the growth pattern of merchandise sales for our Latin American market for the fiscal years ended March 31, 2012, 2013, 2014, 2015 and 2016, and the nine months ended December 31, 2016 and 2015. We have recovered the sustained growth we had before the economic crisis of 2009.

	Sales Growth (%)						
	For the nine months ended December 31,		For the fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
Costa Rica	2%	1%	0.7%	(3)%	72%	3011%*	199%
Ecuador	(16)%	(12)%	(14)%	17%	23%	120%	–
El Salvador	9%	3%	2%	(4)%	11%	9%	11%
Guatemala	5%	19%	15%	(1)%	6%	7%	13%
Nicaragua	2%	4%	6%	(1)%	11%	14%	17%
Honduras	20%	19%	10%	(11)%	(1)%	5%	13%
Dominican Republic	2%	11%	9%	2%	6%	20%	18%
Paraguay	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* 2013 sales growth for Costa Rica includes the effect of the Gollo acquisition. Without giving effect to the Gollo acquisition, sales growth for Costa Rica would have been 64%.

In our Caribbean market, our operations have also recovered well from the slowdown induced by the global economic crisis as illustrated by the growth pattern of merchandise sales for the fiscal years ended March 31, 2012, 2013, 2014, 2015, and 2016, and the nine months ended December 31, 2016 and 2015:

	Sales Growth (%)						
	For the nine months ended December 31,		For the fiscal year ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
Trinidad & Tobago	(3)%	(2)%	(2)%	(4)%	15%	8%	14%
Jamaica	6%	4%	(4)%	(1)%	(1)%	(8)%	26%
OECS Region	8%	7%	8%	6%	(2)%	(7)%	4%
Guyana	5%	1%	1%	7%	(4)%	7%	26%
Barbados	15%	8%	8%	0%	2%	(3)%	4%
Belize	6%	7%	6%	10%	5%	4%	13%
Aruba	8%	N/A	N/A	N/A	N/A	N/A	N/A
Curaçao, Bonaire, St. Maarten	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Belize, Barbados and the OECS region have shown strong growth year on year, benefiting from recovering economic climates and management actions to realize opportunities in the marketplace. Business in Trinidad failed to maintain the pace of the recent years with growth negatively affected by a general slowdown in the local economy. Jamaica's sales decelerated with the devaluation rate of the local currency as the local economy continued to erode in the past years due to the strengthening of the U.S. dollar.

Main Growth Drivers by Market

In general, we believe growth prospects for our Latin American market are dependent on the region's success as an exporter of agricultural and industrial commodities (coffee and sugar), industrial (textiles) commodities, tourism and the significant level of remittances received by residents of the region (mainly from nationals living in the United States). At the individual country level, we consider the following to be our main local strengths and the factors driving future sales and margin growth:

Costa Rica

- With the acquisition of Gollo in September 2012, we have become a strong player in Costa Rica. Costa Rica's economy remains stable thanks to continued growth in exports and foreign investment.

- With 50% market share, we are first in the Costa Rican market, with 160 stores and 920,852 square feet of retail space in all key population centers as of December 31, 2016.

- In 2014, we launched the optical store chain "Gollo Opticas" with the same concept as "Opticas La Curacao" but taking advantage of the strength of the Gollo brand and the experience of the optical team. As of December 31, 2016, there were nine stores.

- We plan to continue our expansion in Costa Rica during the current fiscal year of 2017.

- Costa Rica is the country with the third highest proportion of sales made on credit (69.7% for the nine months ended December 31, 2016), as compared to the other countries in which operate.

- We offer a full product and credit range to our customers in the country.

Ecuador

- We entered Ecuador in November 2011 with the acquisition of Artefacta. We are offering new products and services to our clients in order to diversify and increase our market share.

- Since our acquisition, the economy had been recovering until the end of 2014, but it has slowed down due to falling prices of oil and the effect of recent government policies.

- With 15% market share, we are second in the Ecuadorean market. We operate 159 stores and 337,442 square feet of retail space in all key population centers as of December 31, 2016.

- We opened four Tropimotors stores during 2015 and now have 12 stores as of December 31, 2016.

- Ecuador is a very competitive market, with three other local players very similar to us: La Ganga, Comandato and Créditos Económicos.

El Salvador

- We are the market leader in El Salvador with an estimated 32% market share, 105 stores and 369,169 square feet of retail space in all key population centers as of December 31, 2016.

- Despite strong competition from credit cards and specialized consumer lenders, credit sales in El Salvador are strong with more than 52.4% of total sales for the nine months ended December 31, 2016 made on credit.

Guatemala

- We have strong market presence and brand recognition in Guatemala. We are leaders in Guatemala with an estimated 32% market share, and 145 stores and 548,980 square feet of retail space in all key population centers as of December 31, 2016.

- Of the countries in which we operate, Guatemala is one of the least reliant on credit sales with 51.3% of sales being made on credit in the nine months ended December 31, 2016.

- La Curacao Cash opened in February 2013 as a pilot program in Guatemala and as of December 31, 2016 had 16 stores.

- Competition in Guatemala is strong, with two important chains including Gallo más Gallo and Elektra each with more than 14% market share as of December 31, 2016.

Honduras

- Our operations in Honduras have also experienced growth over the last two years, mainly driven by our emphasis in the consumer finance business, specifically in cash loans. We are leaders in the market with an

estimated 36% market share, 120 stores and 489,765 square feet of retail space in all key population centers as of December 31, 2016.

- La Curacao Cash was launched at the beginning of 2015 based on the good results and experience of Guatemala. As of December 31, 2016, we had 11 branches of La Curacao Cash.

- Competition comes from a number of local chains, Diunsa, Elektra, Jetstereo and Lady Lee, and one regional chain, Grupo Monge (branded El Gallo más Gallo).

Nicaragua

- Nicaragua is the country among those in which we operate in which consumers have the lowest purchasing power. Our operations in Nicaragua have experienced a slow down over the last two years, due to the population uncertainty generated by local government measures, especially a restrictive monetary policy.

- We are the market leader with an estimated 41% market share, 129 stores and 392,415 square feet of retail space in all key population centers as of December 31, 2016.

- We believe there is only one other retail chain similar to ours in Nicaragua, Grupo Monge (branded El Gallo más Gallo).

- At the beginning of 2016, we launched the La Curacao Cash chain in Nicaragua. As of December 31, 2016, we operate 11 branches.

- Credit sales in Nicaragua are strong with 56.1% of total sales in the nine months ended December 31, 2016 made on credit.

Dominican Republic

- We entered Dominican Republic in 2004, in the midst of its worst economic crisis in several decades. However, Dominican Republic's economy is now experiencing economic growth.

- With 21 stores and 96,583 square feet of retail space as of December 31, 2016, our operation remains small relative to local competition, which is dominated by a local specialist chain, Corripio and a couple of Hypermarket players La Sirena and Plaza Lamas.

- We launched the La Curacao Cash chain during 2015, and as of December 31, 2016, we operate five branches.

- We offer a full product and credit range to our customers on the island.

Paraguay

- We have strong market presence and brand recognition in Paraguay and are leaders in telemarketing sales based on internal studies, and we are one of the market leaders in customer service and brand recognition, according to a Cuore study in 2014.

- One of our strengths in Paraguay is the ability of our sales force, especially our telemarketing, to place cash loans.

- Paraguay offers a relative low concentration of stores per square kilometer when compared to more mature markets in the Unicomer Group, offering an opportunity to increase brick and mortar stores in years to come.

- Stable government and fiscal rules provide incentives to increase investments.

As in the case of our Latin America operations, our growth prospects in the Caribbean market are influenced by external factors, such as the region's continued success as a tourist destination, its natural resources, including, among others, various precious metals, bauxite, oil and gas, and the level of foreign remittances received by

residents in the region from nationals living abroad. While we remain bullish on the region's long-term growth potential, we rely mostly on our competitive regional strengths—dominant market share, scale of operations, highly-recognized brands and installment credit—and core retailing expertise to continue propelling our profitable growth. At the country level, we consider the following to be important factors influencing our growth prospects:

Jamaica

- Recovery of the Jamaican economy as the IMF stabilization agreement restructures the local economy and sets the foundation for more stable and sustainable growth.

- Continued growth of international tourism and increased flow of remittances from abroad as the United States and European economies recover.

- Our size in Jamaica allows us to take advantage of considerable economies of scale, which serves as a key competitive advantage.

- Our dominant presence in the Jamaican economy, with an estimated 41% market share and clear leadership in the retail landscape with 60 stores and 301,288 square feet of retail space across the island as of December 31, 2016.

- Aggressive modernization and expansion plans to retain clear leadership in the retail space, evidenced by the opening of a flagship store in our Caribbean market incorporating the latest retail and visual standards in our group, continued expansion of a chain of optical stores first launched in December 2012 to dominate the local eyewear market by leveraging our brand name and credit offers, and expansion of our main distribution center in Kingston to improve the efficiency and productivity of our logistics operations and improve the level and quality of deliveries to customers.

Trinidad

- Courts is the leading market player in Trinidad with an estimated 39% market share, 247,100 square feet of retail space in 43 stores in the country as of December 31, 2016.

- We are well-positioned in the Trinidad market to capitalize on the country's long-term economic growth, which is driven primarily by the energy sector and the recent recommitment of the government to drive international tourism through multi-billion dollar investments in Port of Spain for hotels and conference facilities.

- Our Megastore in Port of Spain, currently the leading store in our Caribbean market in annual sales, offers an opportunity to expand our participation with higher income consumers looking for more upscale product ranges and the confidence and peace of mind that comes from buying from a full-service reputable retailer.

- Our Courts Optical chain, introduced in March 2013, has met with strong customer acceptance and continues to provide strong opportunities for continued growth in a new market segment for Courts.

- Our Ashley and RadioShack stores opened in early December 2016 and provide us with an opportunity to increase our market share by attracting middle to upper income segments not properly served by other Unicomer Group stores.

Organization of Eastern Caribbean States (OECS)

- As in our other Caribbean operations, the resurgence of tourism as the world economy recovers is expected to be a major growth factor in the recovery of the OECS market.

- We are the leading market player in the OECS with an estimated 51% market share, 152,929 square feet of retail space in 28 stores as of December 31, 2016.

- Opening of a new superstore in 2016 in St. Lucia to consolidate smaller branches and offer local consumers wider and more attractive merchandise choices in a modern and appealing shopping environment beyond their expectations.

- Optimization of local distribution logistics leveraging our new modern distribution facility in St. Lucia and improvements to warehouses in other OECS countries to improve customer experience and solidify the commanding market presence we already enjoy in the OECS.

- Our Courts Optical stores in St Lucia, St Vincent and Grenada opened in 2015 and others opened in 2016 throughout the OECS. These stores provide a growing source of income and opportunities to consolidate our position in the customers' minds throughout the sub region.

Barbados

- While the short to medium term outlook for the Barbados economy is weak and creates a challenging environment in which to operate, we remain confident in our ability to sustain our market position throughout the recession, capitalizing on available opportunities for our business.

- Positive changes in tourist arrivals directly affect the Barbados economy and indirectly affect the demand for our many products.

- We are the leading market player in Barbados with an estimated 41% market share, 68,194 square feet of retail space in eight stores as of December 31, 2016.

- Our commanding market presence and leadership reputation solidified over nearly 50 years of serving local consumers with attractive and competitive credit offers, some of the world's most popular brands, such as Whirlpool, Samsung, Apple, Ashley, and a complete range of furniture, household appliances and electronics.

- We have grown the Courts Optical revenue stream with the addition of fully-licensed optometrists to the local team.

Guyana

- We expect to continue leveraging our leadership position in our market as the local economy continues to recover under the impetus of Guyana's agricultural and mining activities and related export earnings notwithstanding growing international pressure for the country to align itself with international anti-money laundering initiatives.

- We are the leading market player in Guyana with an estimated 45% market share, 76,358 square feet of retail space in 15 stores as of December 31, 2016.

- Our newly refurbished and expanded Courts Main Street store and our largest Lucky Dollar in the region, both in Georgetown are now fully operational.

- Expanded product range is now available in stores across the country to include a greater variety of choices to reach a wider cross-section of consumers.

- We opened the Courts Optical chain in 2015 to offer consumers more alternatives to satisfy their needs for eyewear.

Belize

- Belize's economy is mainly driven by tourism, although agriculture and manufacturing are also important. Economic growth has brought increased consumer awareness and purchasing power, coupled with improving infrastructure for the country.

- We have a nationwide market share estimated at 46%, with a network of 16 stores across the country, totaling 69,906 square feet of retail space as of December 31, 2016.

- We opened a second store chain under the brand name Almacenes Tropigas aimed at a lower income bracket of consumers. We based our Almacenes Tropigas model in Belize on the successful concept already deployed in our Central American operations.

- We opened the Courts Optical chain in 2015 to offer consumers more alternatives to satisfy their needs for eyewear.

Aruba

- We are the leading retailer of major household appliances, air conditioning and televisions on the island, with high top-of-mind recognition across various consumer segments, and we plan to reinforce our position by aggressive expansion of our credit programs and targeted expansion of our product offering. We operate seven stores with 36,809 square feet of retail space as of December 31, 2016.

- Our Home & Nature and Hagemyer stores provide us with strong presence in the specialty household furniture and accessories markets.

- We plan to expand our retail floor space in the AMC Unicon stores to accommodate the introduction of middle market furniture and bedding products, and our own optical stores offering consumers more alternatives to satisfy their needs for eyewear.

Curaçao, Bonaire and St. Maarten

- Following the acquisition of OMNI, we leveraged our regional know-how in services by launching in late 2016, for the first time in OMMI's history, a hire purchase program for customers in Curaçao and St. Maarten. We also rolled out extended warranty products to improve our overall profitability and the level of service and value add to our customer base.

- As of December 31, 2016, we are the number one electronics retailer in Curaçao as determined by an independent public opinion survey for the second year in a row. We plan to solidify our market position in the three countries by introducing competitive credit installment plans and broadening the range of products to reach a larger cross section of consumers.

Our Competition

The consumer electronics, household appliance and furniture retail business in Latin America is highly competitive. Including cash and credit operations, our margins are among the highest in the Latin American retail sector, as measured by us. Our earnings primarily depend upon maintaining high per-store sales volumes, efficient product purchasing and distribution and cost-effective store operations. The competition in our Latin American market is stronger than in our Caribbean market, with at least one and often several strong competitors per country. However, we have found greater competition a strong incentive to innovate and, ultimately, to exceed growth expectations.

The main regional competitor is Grupo Monge, based in Costa Rica and with operations in Nicaragua, El Salvador, Honduras and Guatemala. Elektra, one of the largest Mexican retailer of durable consumer goods, is also present in Guatemala and Honduras, with significantly smaller market shares. All other specialist chains focus on only one country.

In each market, there is also a large number of family-owned single-store operations, frequently carrying a different and lower-end product range. This segment is highly fragmented and has lost market share over several years. International retail giants have invested in the Latin American region, eager to benefit from the region's growth and development. To date, these competitors have primarily focused on the larger economies, such as Mexico, which are more populous and have more developed consumer markets. However, Wal-Mart has acquired the Central American retail group CARHCO and other stores in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, and includes the Corporación de Supermercados Unidos (Mas x Menos and Palí chains), which sells household appliances, electrical goods and home furniture.

The following table sets forth certain information as estimated by us concerning our main competitors in our Latin American market as of December 31, 2016:

El Salvador	Guatemala	Honduras	Nicaragua	Costa Rica	Ecuador	Dominican Republic	Paraguay
Omnisport	Elektra	Diunsa	Gallo mas	Monge	La Ganga	Plaza Lama	Tupi

El Salvador	Guatemala	Honduras	Nicaragua	Costa Rica	Ecuador	Dominican Republic	Paraguay
Almacenes Prado	Gallo más Gallo	Elektra	Gallo El Verdugo	Walmart	Comandato	La Sirena	González Jiménez
	Max / Distelsa	Gallo mas Gallo		Casa Blanca	Créditos Económicos	Jumbo	Bristol
	Walmart	Lady Lee		El Verdugo		Corripio	Inverfin

* Grupo Monge owns the following chains in our Latin American market: Almacenes Prado, Gallo más Gallo, El Verdugo, and Monge.

For our Caribbean market, Courts is the dominant player in all its established markets with an aggregate market share of the furniture, appliances and electronics market of 43%. We face much lower levels of competition in our Caribbean market than in our Latin American market.

Earnings primarily depend upon maintaining high per-store sales volumes, efficient product purchasing and distribution and cost-effective store operations, including methodic collection of the credit portfolios.

Competition is generally limited to one or two store independent operators with the notable exception of two Trinidadian multi-island chains, mainly: Standards (operates stores in Trinidad and Barbados) and Massy (present in Trinidad and Barbados). Individually, no competitor is larger than we are, and most competitors offer little or no financing options.

The following table shows our main competitors for our Caribbean market as of December 31, 2016:

Jamaica	Trinidad & Tobago	OECS	Guyana	Barbados	Belize	Aruba	Curaçao, Bonaire, St. Maarten
Singer	Standards	Small players in each island	Singer	Massy Stores	Mirab	Crown	Divya
	Massy Stores			Standards			

Real Estate and Properties

As of December 31, 2016, we owned 9.6% of our stores, representing an aggregate of 681,480 square feet of retail space. We lease the remaining 90.4% from third parties, with an aggregate of 3,548,497 square feet of retail space. Additionally, the total net value of property, fixtures and equipment (excluding inventory) we owned as of March 31, 2016 was $130.8 million.

The terms of our store leases are generally standardized, and they are all executed in conformance with local laws. The store leases are set either as rent payments at a fixed rate each month or are calculated as a percentage of monthly sales and are subject to adjustment for inflation in certain circumstances. To date, we have successfully renewed all of our lease agreements on terms we have found to be economically acceptable. For the 12 months ended March 31, 2016, rental expenses were $56.2 million, representing 10.2% of our consolidated expenses.

The following table sets forth the respective number of owned and leased stores by brand as of December 31, 2016:

	Owned		Leased	
Stores	Number of Stores Owned	Owned Area (square feet)	Number of Stores Leased	Leased Area (square feet)
La Curacao	21	227,389	205	1,111,443
Almacenes Tropigas	4	16,756	150	516,275
Gollo	0	0	130	829,105
Artefacta	4	9,277	131	240,183
Electrofácil	0	0	34	77,037

Stores	Owned		Leased	
	Number of Stores Owned	Owned Area (square feet)	Number of Stores Leased	Leased Area (square feet)
RadioShack	3	2,899	59	43,693
AKT	0	0	1	1,808
Gollo Motors	0	0	1	1,936
Loco Luis	1	1,292	6	19,482
Opticas La Curacao	3	1,735	44	29,092
Gollo Opticas	0	0	9	5,601
Baratodo	0	0	12	78,781
La Curacao Cash	0	0	43	18,594
Courts Cash	7	3,805	6	3,153
Tropimotors	0	0	17	13,753
Courts	31	364,576	56	377,970
Lucky Dollar	0	0	20	69,494
OMNI	0	0	6	16,610
Unicomer USA	0	0	5	28,539
Bargain Center	6	27,996	1	452
Courts Optical	21	15,163	15	11,465
AMC UNICON	0	0	4	17,538
Hagemyer	0	0	1	7,589
Home & Nature	0	0	1	7,000
Pricehacker	0	0	1	4,682
Ashley	1	10,592	1	17,223
Total	**102**	**681,480**	**959**	**3,548,497**

Store Management

Each of our stores is managed by a store manager, who is responsible for the day-to-day operations of the store. Store managers follow standard policies and practices set forth by upper management for the chain, but they are always encouraged to make proposals and recommendations as they identify opportunities to improve our results or further strengthen our customer satisfaction levels. Store managers in the larger stores are typically assisted by an administrative supervisor, who is responsible for oversight of cashiers, credit scoring, shipping and receiving and administrative store support. Additionally, salespersons within each store are trained and are responsible for in-store merchandising and visual presentation. Cleaning and required security services for our stores are usually outsourced.

Large countries are generally split into geographical areas to facilitate operating oversight and control. These areas or zones are assigned to Regional Managers who are responsible for 10 to 20 stores in their assigned geographic area. Regional Managers report to a senior manager responsible for the operating performance of a specific brand in the country, and Country Managers are ultimately responsible for the store operations of all chains in the country and report directly to their respective Regional Vice President.

Most decisions relating to matters such as merchandising, pricing and store design and layout are made by senior managers responsible for the operation of the brand's chain in close collaboration with Country Managers and regional/corporate executives responsible for visual, purchasing and merchandising decisions. Matters relating to credit and installment sales are managed by an in-country credit team under the direct supervision of the Country Credit Manager, who is responsible for extending credit and collecting outstanding balances in accordance with established and agreed regional credit policies and practices.

Additionally, we operate a centralized loss prevention unit that implements policies and programs to minimize company losses through the services of dedicated loss prevention teams at the country level. The loss prevention unit protects company assets and improves profitability by developing and implementing safety and security policies for employees and customers. These policies are contained in the Unicomer Loss Prevention Manual under a broad range of topics, including handling and care of merchandise, infrastructure maintenance, physical security, on-site signage, support entities available to country teams, alarm usage and safety drills, maintenance of fire extinguishers and checklists for fire prevention and other safety and disaster recovery situations. The loss prevention unit is also responsible for implementation of educational programs on loss prevention, identification and adoption of industry

best practices, assets control policies and specification of prevention systems and related equipment, among others. Risk surveys are conducted by external contractors in conjunction with our insurance carriers every two years, and their recommendations are reviewed and implemented typically within a few weeks. All of our locations conduct daily stock counts of high-risk merchandise to minimize inventory shrinkage, in line with loss prevention and internal control guidelines.

Global Product Breakdown

We offer a wide range of products within all major consumer products categories, including household appliances, consumer electronics, computer equipment, mobile phones, home furniture, bedding, motorcycles, exercise equipment and optical wear.

Our electronics and household product range includes premium world brands like Sony, Panasonic, Samsung, LG, Whirlpool, Frigidaire, MABE, and General Electric, as well as a mixture of entry-level brands.

Our furniture product selection aims to appeal to mass-market consumers. Our furniture selection includes a combination of local, private label and international products that are well known in the market. Examples include Ashley Furniture and Sauder (a significant percentage of our international products are purchased from Mexico, the United States and Asia) as well as a successful line of bedding that includes international brands such as Serta, Simmons and King Koil. These brands are also complimented by our own private and local brands.

Our range of eyewear products aims to satisfy our customers' demands for high quality, trends and variety of brands. We effectively market world brands for eyeglasses, frames, contact lenses and sunglasses, such as Ray Ban, Vogue, Converse, Guess and Perry Ellis, among others. Also, we are committed to assisting our customers with their personal eye exams and to giving them the right eyeglass prescriptions. Accordingly, we have equipped our eyewear stores with a high level of optometry equipment, and our exams are run by our own authorized technicians.

Private Label Products and Exclusive Brands

We currently have a wide range of different types of products under our private label brands. Sales of our private label products, including exclusive distribution of our TCL® brand, accounted for 19.1% of our total sales as of March 31, 2016.

Our private label products are well positioned in the minds of our market consumers. Accordingly, we sell all types of durable consumer goods under our private labels such as "Mastertech"® and "Ultradigital"®. Other private labels sold include, "Commodity"®, "Island Home Collection"®, "Regina"® and "Sleep On It,"® which are our private label brands for furniture and bedding products, respectively. Extreme® and Toscana® are our private label optics brands.

Our exclusive TCL® brand is a global TV consumer electronics company that is quickly gaining a strong market share in our territories. It offers high quality products at prices which give us a competitive selling advantage.

Motorcycles are a growing category of our product range due to the existing transportation needs in our markets, and we sell these products under our exclusive international brand AKT whose quality is on par with traditional brands. We opened an AKT point of sale in Nicaragua in March 2014 and we have plans to expand this concept to the rest of the countries where the brand is sold. Since our launch in Nicaragua, we have expanded AKT operations with great success to Costa Rica, Ecuador and El Salvador.

We source our private label products from different vendors located in Central America, Mexico, Brazil and Asia.

The following table shows a breakdown by category of the products and brands we sell as of December 31, 2016:

Category	Products	Selected Brands
Electronics	Televisions, DVD players, home theaters, home/portable audio systems, cameras, gaming, telephones and musical instruments.	Sony, Samsung, LG, Panasonic and TCL®.
Computers	Personal computing equipment desktops, laptops, notebooks, netbooks and tablets.	HP, Compaq, Dell, Apple, Acer and Toshiba.
Household Appliances	Refrigerators, washers, freezers, ovens, irons, microwave ovens, toasters, coffee machines, vacuum cleaners, fans and other small appliances.	Whirlpool, Mabe, Frigidaire, Samsung, LG, GE, Cetron, KitchenAid, Oster, Black & Decker, Indurama and Hamilton Beach.
Furniture	Living room, dining room, bedroom sets, kitchens, single chairs, tables, armoires, headboards, dressers, book cases, sofas, desks, office chairs and mattresses.	Boal, Ashley, Sauder, Serta, Simmons and King Koil.
Proprietary Brands	Fitness equipment, bicycles, TVs, tables, car audio, furniture, bedding and home appliances, motorcycles, eyewear lenses.	Landranger, Mastertech, Ultradigital, Regina, Commodity, Island, Home Collection, Sleep On It, AKT Extreme, Clarity and Toscana.
Eyewear	Eyeglasses, frames, contact lenses and sunglasses.	Guess, Jones New York, Perry Ellis, Cosmopolitan, Ray Ban, Converse, Guess and Vogue
Others	Motorcycles, BBQ grills, and tires.	Honda, Suzuki, Firestone and Char Broil
RadioShack	Personal electronics assortment, cameras, speakers, telephones and toys.	

Marketing Strategy

Our marketing strategy emphasizes eight factors in attracting and retaining customers:

- **Strong retail brands targeted at customers across economic segments:** We are currently in 24 territories across Latin America and the Caribbean, and we operate 24 different furniture, appliance and electronics store chains that target specific consumer market segments. Our retail chains enjoy both top-of-mind awareness with consumers as well as market leadership positions in the majority of the territories in which we operate. According to various third party marketing research firms as listed above, our brands enjoyed market share in our Caribbean market above 40% (except in Antigua, Trinidad & Tobago, St. Kitts & Nevis, Aruba, Curacao, Bonaire and St. Maarten), and in our Latin American market, 20% or more (except in Paraguay, Ecuador and Dominican Republic). In addition to the range of furniture, appliances and electronics, we offer a broad variety of value added services to customers such as: instant credit, free delivery, multichannel offerings, extended warranties, personalized customer service and after sales service.

Through different brands, we target different economic sectors. The following table shows our retail brands and their target customer segment:

Brand	Target customer segment	Positioning	Slogan*
La Curacao	High- to Middle-Income(A/B, C, C-)	Home, Easiness, Aspirational	“For a better life”
Almacenes Tropigas	Middle-Income to Low-Income (C, D+, D-)	Inexpensive, Popular	“Always gives you more”
Artefacta	Middle-Income to Low-Income (C, C-, D)	Technology, Appliances	“Facilitates your life”

Brand	Target customer segment	Positioning	Slogan*
Loco Luis	Lowest-Income (E)	Low Cost	"Used, Certified, Guaranteed"
Gollo	Middle-Income(C, C-)	Home, Easiness, Aspirational	"Only good"
Baratodo	Middle-Income to Low-Income (C, D+, D-)	Inexpensive, Popular	"Easy to buy and cheap to pay"
RadioShack	Upper-Income to Middle-Income (A, B, C, C-)	Technology	"Simple solutions to your technological questions"
Tropimotors	Middle-Income to Low-Income (C, D+, D-)	Inexpensive, Popular, Motorcycles	
La Curacao Cash	Middle-Income to Low-Income (C, D+, D-)	Easy, Fast Cash Loans	"Instant Cash"
Electrofácil	Middle-Income to Low-Income (C, D+, D-)	Aspirational, Convenience	"Easier impossible"
Courts	High- to Middle-Income(A/B, C, C-)	Value, Aspirational	"Bringing Value Home"
Lucky Dollar	Middle-Income to Low-Income (C, D+, D-)	Inexpensive, Popular	"You Can't Go Wrong"
Optical Stores	High- to Middle-Income(A/B, C, C-)	Value, Aspirational	"Value you can see"
Bargain Center	Lowest-Income (E)	Low Cost	
AMC Unicon	Middle-Income to Lower-Middle-Income(C/C-, D+)	Value for money, Easiness, Technology	"For a Better Life"
Home & Nature	High- to Middle-Income(A/B, C, C-)	Home, Easiness, Aspirational	"Bring nature home"
Hagemyer	High- to Middle-Income(A/B, C, C-)	Home, Easiness, Aspirational	"We make your house a home"
Pricehacker	Lower-Middle-Income to Lowest-Income(D+, D/D-, E)	Low Cost, Bargain Deals	"Get more for your money"
Technical Repair Centers	High- to Low-Income(A/B, C, D)		

- **Quality service and customer experience:** We believe that commitment to customer service is a significant factor in maintaining a loyal and expanding customer base. We offer a wide range of customer service initiatives, including among others, home delivery, and a supplemental, limited warranty on all of products (except furniture). A wide variety of communications channels also allow us to maintain frequent and timely contact with our customers during the entire life cycle of our relationship with them. We leverage the services of renowned consultants in customer service as well as internal trainers to implement best practices. Continuous training of personnel ensures they perform their roles to the highest levels of satisfaction. Frequent monitoring of customer interactions at every major touch point is conducted via monthly mystery shopper surveys as well as other customer satisfaction measurement tools.

- **Merchandise variety:** We offer customers a wide range of products from some of the world's best electrical and furniture brands, such as: Sony, Whirlpool, Samsung, Philips, LG, RadioShack, Apple, Dell, Ashley and Boal, as well as locally manufactured furniture brands appealing to our customer base. We strive to offer new and innovative products to customers as part of our competitive strategy.

- **Extended Warranty programs:** One of the value added services we offer is an extended warranty program that prolongs the manufacturer's warranty for up to five years and covers additional incidents. This program is offered to customers at the various chains at an additional cost.

- **Convenient store locations:** As of December 31, 2016, we had 1,061 retail stores across the major population centers of the territories we serve. Our retail stores are located in retail shopping centers and standalone locations.

- **Consumer finance availability:** One of our competitive advantages is the opportunity we provide for flexible, affordable and easy-to-obtain credit plans. The credit plans are characterized by low monthly installments, competitive differentiated interest rates, zero-down offers, fast approval, no additional charges (except for past-due fees) and ability to pay at any of the chain's local stores. Established customers with good credit also qualify for special credit plans, such as lower rates and cash loans for their personal needs.

- **Low prices:** We offer everyday low and competitive prices throughout our entire network of stores, which is supported by our price guarantee policy. Our pricing policy is to offer products at prices that are competitive in each brand's target market. The marketing departments at the local level monitor prices at competing stores, and adjustments are sometimes made to cash and installment sales prices to keep them competitive.

- **Advertising and Promotion:** Our marketing strategy is supported by an aggressive advertising program utilizing television, radio, newspapers, door-to-door sales, in-store promotional circulars, social media and direct mail advertising. The volume and specific media varies with the size and profiles of customers in the respective target markets. Advertising programs are designed to (i) highlight the chain's broad selection of quality and brand name merchandise, (ii) introduce new products, (iii) advertise special promotions and events and (iv) position the value proposition. Advertising strategy is supplemented through direct marketing programs using the chain's customer database. Seasonal promotions run on predetermined dates each year, including among others Christmas and Mother's Day.

Marketing campaigns are planned from four to six months in advance by marketing managers (both regional and local). Marketing regional managers establish rigorous marketing guidelines for future campaigns. The following table summarizes advertising budget distribution:

	Newspaper & Magazines	Radio	TV	Flyers & Printed Media	E-Commerce	Other
La Curacao	31%	17%	33%	5%	2%	12%
Almacenes Tropigas	24%	17%	49%	–	–	10%
Gollo	45%	8%	40%	–	–	7%
Artefacta	3%	5%	74%	9%	–	9%
RadioShack	70%	11%	5%	–	–	14%
Loco Luis	100%	–	–	–	–	–
Opticas La Curacao	20%	10%	–	70%	–	–
Tropimotors	90%	10%	–	–	–	–
La Curacao Cash	80%	10%	–	10%	–	–
Electrofácil	30%	6%	17%	46%	1%	–
Courts	23%	17%	26%	6%	2%	26%
Courts Optical	20%	30%		30%	–	20%
Lucky Dollar	14%	37%	11%	7%	1%	30%
Baratodo	–	–	–	100%	–	–
AMC Unicon	70%	5%	5%	20%	–	–
Hagemyer	80%	5%	10%	5%	–	–
Home & Nature	60%	–	30%	10%	–	–
Pricehacker	95%	5%	–	–	–	–

Our marketing strategy is fully integrated into our overall business strategy and is focused on positioning and maintaining leadership in the markets that we serve by supporting our products and financial services. Constant market analysis highlights opportunities and weaknesses in order to develop integrated marketing strategies. We execute these strategies through mass media campaigns, social media, loyalty programs and new product development, with an overall goal to attract new customers, satisfy and retain customers and achieve sales and profitability in each one of the store chains.

Extended Warranty Program

We offer an extended warranty program for the products that we sell. The programs for our Latin America and Caribbean regions are handled separately but are very similar to each other. Our extended warranty program ensures

the proper functioning of our products for periods of two, three, four or five years, which may vary depending on the country.

The departments that are eligible for this coverage are: sports, audio, video, furniture, computers, washers, dryers, kitchen appliances, cameras, air conditioning, sewing machines and cell phones. Sales are made through chain stores: La Curacao, Almacenes Tropigas, RadioShack, Courts, Lucky Dollar, Artefacta and Baratodo.

As shown in the table below, revenue from the sale of extended warranties has been increasing over the last three years:

Twelve-month period ending March 31,	Extended Warranty Sales	Extended Warranty Sales/ Product Sales (%)
2014	$ 67,299,231	6.5%
2015	$ 73,091,389	7.0%
2016	$ 77,023,069	7.5%

Our own Service Centers (Servitotal & Servitech) make our product repairs, except in Ecuador and Costa Rica, which use third-party service centers. In our Caribbean market, our extended warranty program is backed by Canterbury Insurance Company.

Consumer Finance Business

Our consumer finance operations include credit sales, cash loans and credit protection insurance. We believe that this combination of financial services enhances consumer experience and complements our retail business by reinforcing a long-term relationship with our consumers.

Credit Sales

We have provided in-store credit to our customers in our stores for many decades and have introduced appropriate credit policies and systems in all our store formats. Since our target customers are the segment of the population that typically has had little or no access to consumer credit, we have found the availability of an installment sales program to be an important factor in customers' purchasing decisions. We believe that the availability of an installment sales program also strengthens customer loyalty and increases overall revenues.

Approval for an installment purchase of household appliances, consumer electronics, white goods or furniture requires the customer to complete an application, execute a credit contract and a promissory note, provide an official form of identification containing a photograph and provide personal financial information such as a recent payroll receipt or income tax payment receipt and/or evidence of home ownership, such as a receipt of payment of property taxes. We investigate the customer's credit prior to delivering the merchandise. An area or regional manager must approve installment sales where the amount being financed is in excess of certain pre-set limits, which vary by country. Since many of our clients do not have credit histories, an employee oftentimes personally visits the customer's residence to confirm the accuracy of the credit application.

We segregate our credit customers into two segments: new and established clients. New clients are scored within six months of their original application and then become established clients. Our credit systems and procedures normally allow us to approve a financing proposal within one to eight hours; however, well-paying established clients with a sufficient credit limit are processed via our express lane procedure. This means that after quoting a particular product, the sale staff can print the promissory note and send the client directly to the cashier without having to stop at the credit department. About one-third of our credit sales are done through the express lane procedure. An established client may also obtain such benefits as no down payment requirement on their next purchase and lower interest rates.

Our credit portfolio is managed in-house using a combination of bought-in technology and proprietary software, adapted as necessary to our operating environments. This allows us to maintain a thorough customer database, which also allows us to inform customers of new products and special promotions. In Latin America, most of the countries where we operate have credit reporting agencies, such as: Equifax, Transunion, Teltec, Sin Riesgo and Data Credit, among others. In the Caribbean, due to the lack of established credit bureaus, a scorecard model

designed by Experian is used in the credit granting process. This model has helped us maintain a healthy portfolio throughout the region.

The following table summarizes the growth of our gross accounts receivable portfolio for the three years ended March 31, 2016, 2015 and 2014, and for the nine months ended December 31, 2016 and 2015:

	For the nine months ended December 31,		For the years ended March 31,			
	2016	2015	2016	2015	2014	CAGR%
Gross accounts receivable (in US$ thousands)	985,889	925,293	898,977	819,503	785,568	7.0%
Number of credit accounts	2,227,638	2,115,407	2,110,993	2,014,242	1,972,860	
Average outstanding credit amount (in US$)	443	437	426	407	398	

We have over 2,227,000 active credit accounts throughout the Unicomer Group. On average, new credit sales are contracted for approximately 20 months. Such average duration has not varied significantly over the past eight years.

The effective interest rate we charge on credit sales is determined at the time of an installment purchase and is based on an evaluation of the customer's financial position using our proprietary credit scoring criteria, as well as the term of the credit. We believe that the payment plans offered to our customers are competitive with those of competitors who offer similar programs in our markets. Our installment sales program is regulated by consumer protection legislation enacted in most of the countries where our customers are located, and we comply with all such legislation. Some of the countries where we operate have imposed ceilings on the interest rate a merchant may charge a consumer in an installment sale and require disclosure of the effective rate of interest charged. No commissions are charged in the installments for the financial services, and in certain countries, the interest is subject to VAT.

The following table shows our portfolio yields for the fiscal years ended March 31, 2016, 2015 and 2014, and for the nine months ended December 31, 2016 and 2015:

	For the nine months ended December 31,		For the years ended March 31,		
	2016	2015	2016	2015	2014
Gross accounts receivable (in US$ thousands)	985,889	925,293	898,977	819,503	785,568
Finance income earned on credit operations (in US$ thousands)	383,967	363,069	369,034	346,149	338,645
Average portfolio yield	40.2%	40.5%	42.9%	43.1%	45.3%

Cash Loans

We typically offer cash loans as a benefit to our well-paying established clients, although recently we have begun offering cash loans stand-alone in some countries. We started offering cash loans to our well-paying clients in 2004 for our Latin American market and in 2010 in our Caribbean market. The cash loan service is available in El Salvador, Guatemala, Honduras, Nicaragua, Dominican Republic, Costa Rica, United States, Antigua, Barbados, Belize, Guyana, Jamaica, St. Vincent, St. Lucia and Trinidad & Tobago.

Credit Approval Process

Approval for an installment purchase of durable consumer goods requires the customer to complete an application, execute a credit contract and a promissory note, provide an official form of identification containing a photograph, and provide personal financial information such as a recent payroll receipt. Prior to approving a credit application and delivering merchandise, we investigate the customer's credit using our proprietary methods. In addition, a regional manager must approve installment sales where the amount being financed is in excess of certain pre-set limits, which vary by chain. Since many of our clients do not have credit histories, an employee sometimes visits the customer's residence to confirm the accuracy of the credit application. Our credit systems and procedures

normally allow us to approve a financing proposal within one to eight hours; however, we are able to approve certain credits in as little as five minutes.

If approved for credit, the customer makes monthly payments in cash at our store where the purchase was made. By requiring payments at our stores, we also increase customer traffic to our stores.

Collection Procedures

We are regulated by each country's commercial, civil and consumer protection laws and regulations. Our collection operations are implemented and monitored at the individual store level, and some countries are handled in a centralized format. Each store has an installment sales manager who, under the regional credit manager's supervision, is responsible for extending credit and collecting that store's outstanding accounts in accordance with corporate guidelines. For countries where collection procedures are centralized have call centers for the early arrears. In some cases, collection agents also make house visits in order to implement a more effective collection strategy.

Our accounting policy is to reserve based on a roll rate methodology to calculate accounts receivable impairment. As of December 31, 2016, we have reserved the percentages shown below of the entire outstanding balance of accounts that have the oldest overdue installment for each category shown below. These percentages are averages of the individual percentages of each country and change from month to month as we update our roll rate calculations. Past due accounts are generally written-off after 270 days of delinquency. Our roll rate policy uses the same methodology for the product loan and cash loan portfolios.

Range	Latin America(1)	Caribbean(1)
No Delinquency	1.2%	1.2%
1-30 Days	4.8%	1.7%
31-60 Days	15.9%	4.3%
61-90 Days	28.2%	11.6%
91-120 Days	40.9%	23.9%
121-180 Days	51.5%	49.1%
180 Days or More (2)	68.8%	59.8%

(1) Includes cash loans credit sales.

(2) This category is less than 100% because it reflects the recovery rate.

Our collection operations are managed to maximize timely repayments. We have a credit recovery system based on a combination of telephone and personal recovery processes that monitors each credit contract and intervenes as soon as a delay occurs. Each purchase on credit is automatically assigned to a collector who is in charge of the collection process for that item in case of delays in repayment. Our system centers on the retention of customers with good credit and thus aims to support individual customers to restore creditworthiness in the shortest possible timeframe. Repossessions occur occasionally. We believe the payment history of our credit portfolio is comparable to or better than that of larger players in our markets.

Non-Performing Loans

Non-performing loans defined as balances with more than 90 days of delinquency include both credit sales and cash loan portfolios. The following table shows our non-performing loans as a percentage of our total product loans and cash loan portfolios, as well as our accounts receivable past due 31 days and more, and past due 121 days and more, for the fiscal years ending March 31, 2016, 2015 and 2014 and the nine months ended on December 31, 2016 and 2015. The non-performing loans as of December 31, 2016 and March 31, 2016 expressed as a percentage of our accounts receivable portfolio reached a level of 6.9%, respectively, which compares unfavorably to the 6.6% as of December 31, 2015 and to the 6.7% as of March 31, 2015, respectively. Under normal credit policies, our non-performing loans tended to be in the range of 5.5% to 7.0%. See "Selected Financial and Operating Data—Other Financial Data."

	For the nine months ended December 31,		For the fiscal year ended March 31,		
	2016	2015	2016	2015	2014
AR past due 31 days and more	15.0%	14.6%	17.1%	15.8%	15.6%
Non-performing loans	6.9%	6.6%	6.9%	6.7%	6.2%
AR past due 121 days and more	5.1%	4.9%	5.2%	5.1%	4.7%

Credit Protection Insurance

In our Caribbean market, products sold under credit sales are sold with Credit Protection Insurance (CPI). The CPI is sold on two different coverage plans:

- Silver - covering for death, disability, loss/damage of property and robbery, or
- Gold – Silver coverage plus retrenchment/redundancy and hospitalization.

Suppliers

We use a variety of suppliers and, where possible, source products directly from the manufacturer. Our good reputation and expertise has allowed us to maintain long-term relationships with most of our local and international suppliers. Because we are one of the largest retailers in our Latin American and our Caribbean markets, we command considerable purchasing power, which enables us to negotiate favorable terms with suppliers based upon economies of scale. We have a centralized international purchasing system through RWT, which completes purchasing transactions for the Unicomer Group. We believe that centralized purchasing through RWT gives us better bargaining power with our suppliers, more favorable credit terms and minimizes our transactions processes and logistics costs.

Merchandise imported by us represented approximately 45% of our total merchandise purchases for the period ended December 31, 2016. We expect that our reliance on foreign suppliers will continue to increase. Our top five suppliers accounted for approximately 31% of our purchases in 2016.

In addition to competitive pricing, we also emphasize merchandise quality, delivery terms and financial stability when selecting our suppliers. We are also required to work with ethical suppliers and make all efforts to visit the factories of our key suppliers regularly. To date, we have not encountered difficulties in obtaining sufficient quantities of merchandise, and we believe that we would be able to replace any of our current suppliers with satisfactory alternative suppliers without experiencing significant disruptions in our business.

We have engaged the SGS Group, a leading inspection, verification, testing and certification company, which conducts, upon our request, inspections of a sampling of products during the production process. This process allows us to minimize and or eliminate quality issues at the point of sales. We also have our own quality assurance systems that complement the above services.

Distribution

Our suppliers ship products directly to our distribution centers. Each country where we operate has at least one central distribution center that ships the products it receives from suppliers directly to each of our stores in that country. In Guatemala and El Salvador, these distribution centers are shared with Almacenes Siman, a related party. Products are transported through our own fleet and by third-party transport companies.

The following table sets forth the regions where our distribution centers are located and the number of stores served by each distribution center as of December 31, 2016:

Country	Total Area in Square Feet	Total Stores Served
Costa Rica–Main Distribution Center	150,695	160
Ecuador–Main Distribution Center	118,037	104
Ecuador–Auxiliary Warehouse	20,516	55
El Salvador–Main Distribution Center	128,973	105
Guatemala–Main Distribution Center	102,935	145

Country	Total Area in Square Feet	Total Stores Served
Honduras–Main Distribution Center	46,823	80
Honduras–Auxiliary Warehouse	45,208	40
Nicaragua–Main Distribution Center	78,114	129
Dominican Republic–Main Distribution Center	31,215	21
Paraguay–Main Distribution Center	17,222	34
Jamaica–Main Distribution Center	175,000	60
Trinidad-Main Distribution Center	240,000	39
Trinidad-Secondary Distribution Center	10,000	4
Barbados–Main Distribution Center	85,000	8
Belize–Main Distribution Center	60,000	16
Guyana–Main Distribution Center	60,000	15
Antigua–Main Distribution Center	20,000	3
Dominica–Main Distribution Center	28,070	3
Grenada–Main Distribution Center	21,600	6
Grenada–Auxiliary Warehouse	12,000	0
St. Kitts–Main Distribution Center	19,000	3
St. Lucia–Main Distribution Center	36,000	9
St. Vincent-Main Distribution Center	22,152	4
St. Vincent-Auxiliary Warehouse	12,000	0
Aruba–Main Distribution Center	13,784	7
Curaçao-Main Distribution Center	15,000	4
Bonaire-Main Distribution Center	2,000	1
St. Maarten-Main Distribution Center	5,380	1
USA*	0	5
Total	**1,576,724**	**1,061**

* Our operations in the United States have no distribution centers. Stores are supplied directly from our suppliers or products are held in warehouses.

The goal of our logistics team is to increase the speed and efficiency of our store supply process by minimizing the time between the receipt of merchandise at our distribution center and the delivery of that merchandise to our stores or, where appropriate, our customers.

Information Systems

Due to the increasing importance of information technology ("IT") within the fast-paced retail industry, our IT department has initiated a restructuring program aligned with our new strategic direction. This includes organizing our IT department to align with our business and supports technological evolution and leadership for the future. We have created six new areas within the IT department that have clear assignments and responsibilities to fulfill our long-term IT vision.

- **IT Planning.** IT Planning is in charge of all strategic planning, budgeting, performance measurements and investment and spending controls. This area is also responsible for defining and updating the project methodology, controlling and executing it. IT Planning also controls the management of application version changes.

- **IT Evolution.** IT Evolution is responsible for investigating and anticipating new technological trends and best IT practices within the retail industry. This area is a key enabler to generate internal knowledge and attention towards new solutions that will improve our technology position vis-à-vis our competition.

- **Business Process Center.** Our Business Process Center is intended to support our business process experts through the implementation of the Business Process Management culture. These experts will define each business process strategy following an enterprise architecture process. We have implemented a standard, globally-accepted business process framework. This has provided us with a clear vision of what every business process is intended to cover, adding a common language for the entire Company and supporting benchmark initiatives among our related companies and the retail industry.

- **Business Solutions/IT Application Services.** Business Solutions/IT Application Services encompasses all IT application matters, starting from capturing an initiative or requirement to defining/implementing a business solution recommendation, up to and including a new application for Unicomer Group. This group also includes the internal/external software development efforts to support and maintain all applications through employees and third party vendors, for which a reasonable quality control process is applied.

- **Project Management Office.** The PMO leads the execution of IT projects, following a disciplined project methodology. Currently this group is developing a process for managing and controlling application changes.

- **IT Services & Operations.** IT Services & Operations is responsible for operating all installed business applications, administering all communications and platforms and managing our data center through our internal service provider (SITES). Furthermore, this area includes managing our hardware and communications providers as well as the end user and country operations Service Desks.

In light of our accelerated growth through acquisitions during the last decade, the biggest challenge for our IT department is standardizing and integrating our technological platforms in order to provide a stable operational base for future growth. There are important foundational elements already deployed corporate wide. The centralized backbone, based on Oracle E-Business Suite, has now been in place for several years, and is accessed and available in all countries where we operate. In August 2015, we began the reimplementation of Oracle EBS Rel 12. To date, implementation was successful in all legal entities in El Salvador, six countries in the OECS, and Bonaire, Curaçao and St. Marteen. Implementation in the remaining countries is expected to be completed in the next 24-30 months. Oracle EBS and Hyperion Financial Planning and Management are key enablers for data consistency and integrity and for consolidated reporting and control. In parallel, we have a centralized Financial and Accounting Shared Services Center for the Company. This center generates operational savings while concentrating expertise in repetitive low-value accounting tasks. The internal audit function has championed the roll-out of a corporate-wide audit tool that is used to capture, track and close all audit findings through the business processes that are operational.

In order to strengthen our reporting capabilities in the merchandising process, a tool to support our purchasing department has been implemented in all countries. This reporting tool allows the merchandise department to plan, report and control 100% of all its operations. In the next 12-18 months, we plan to embark on a new retail merchandising planning project.

To support our logistics department, a complete Warehouse Management System (WMS) is available to support all functional processes from inventory receipt until customer delivery. This application has been implemented in Central America for many years now, Ecuador was completed in 2016 and there are plans to begin implementation in the Caribbean starting in mid-2017.

In the Customer Relationship Management process, a key implementation that concluded in 2011 and generates significant new revenues was the re-launch of the lacuracaoonline.com e-commerce site: totally revamped with world-class cloud-based technology. It reported growth in 2012 and generated positive feedback within the main social networks. The great success of www.lacuracaonline.com supported the launch of two new e-commerce initiatives to cover our Caribbean market and Gollo in Costa Rica. The new websites www.shopcourts.com and www.gollotienda.com were launched in November 2013 and February 2014, respectively, with very good results to date. To date, all platforms are mobile enabled. During 2016, a business to business e-commerce platform was built for our RadioShack franchisees; we expect this platform to be operational in the next two months. During 2017, there are plans to incorporate a new e-commerce platform for Artefacta, our Ecuador affiliate. In 2015, we launched our new Campaign Management solution utilizing the Salesforce platform. By making use of our new Data Warehouse (Datamart), many successful campaigns have been launched with significant sales increases throughout our Latin America region. Currently, the solution is in the process of being launched for the Caribbean region. Further, IT updated its Web Portal to incorporate a Service Order consultation module for both Servitotal (Latin America) and Servitech (Caribbean), so that customers can find out the status of their service order in real time. This module also notifies customers via phone messages (SMS) and email of any change in order status. Currently, the majority of all customers that have open service orders are being reached through this mechanism. Also, several Facebook applications have been released this year to match marketing and promotional campaigns. Our Optical business unit growth demanded an application to cover the back office process requirements. This business application is operational in Latin America and will soon start deployment in the Caribbean. In addition, we have

created a web platform to facilitate our end customer to "try out" our most popular frames using mirror technology, providing an innovative solution to a demanding and growing customer base.

Following our strategy of fully integrated and centralized platforms and continuous innovation and new competitive advantages, our IT department currently develops key projects such as the Oracle POS (Point of Sale) System, together with a suite of in-house applications covering the automation of a wide range of manual processes such as petty cash, sales commissions, credit card reconciliation and cash bank deposits, among others. This system will be deployed over the next few years in all of our stores. This particular deployment also includes a new platform that will enable our customer service representatives at our flagship stores to interact with customers using mobile technology, further enhancing the customer experience at key locations. The first implementation was El Salvador in September 2015; Guatemala is underway and Nicaragua's analysis and design began in February 2017.

Along the same lines, we have selected Visionflex from First Data (FDC) as our new corporate-wide credit and collections application to standardize and strengthen our operations and also give us the ability to offer new consumer finance products and services, such as store cards, credit card, loyalty and insurance. As part of the project, the credit and collections business processes of all regions have been reviewed, standardized and best practices have been identified and incorporated. Currently, the project team is performing integration testing of phase 1 and 2, and construction continues for phase 3. Go-live is anticipated in Guatemala for the first quarter of 2018. While working on the long term, IT deployed a collections contact center solutions for each Latin American country, except Ecuador. It enabled efficiencies by using predictive dialers and greater contactability with our customers, keeping our delinquency/arrears to a minimum. In addition, a geolocalization pilot is being run in Costa Rica to further improve the efficiency of our collections workforce. In order to expedite the credit approval process, a credit scoring tool has been deployed in two countries, with more countries in the pipeline.

In addition to the ongoing innovation and introduction of new integrated and centralized applications, our IT department has a strong focus on maintaining its current application landscape running and managing growth in sales while the new wave of applications is being deployed. We have invested in strengthening our front-line applications to maintain the quality of customer service by improving our systems availability and response time. A disaster recovery site is now in place in Terramark, Florida, initially for our e-mail service and will soon include our core business applications.

The Company is also delivering improvements to our international network and in-country connections. VoIP is already in place in most of our Caribbean markets as well as our Latin American affiliates through our newly acquired CISCO platform. The CISCO Unified communications and collaboration tool is in place across the Company, and has achieved further travel efficiencies. A new standard, more modern and reliable network has been contracted and is currently installed in El Salvador with very good results and significant cost savings given the additional bandwidth. Costa Rica and Honduras are underway, and we expect that the total number of countries in the scope will be completed by March 2018.

Shared Services Center

Our Shared Services Center officially commenced operations in May 2010 with the principal objective of improving financial and accounting controls. During the implementation, we established a four-phase maturity model in which additional benefits would be attained by driving efficiencies and various cost-cutting strategies across multiple lines of business and regions.

Our SSC currently provides financial services related to General Ledger Accounting, Fixed Assets, Non-Trade Accounts Receivable and Accounts Payable processes to 11 of the countries within our group (St. Lucia, St. Kitts, St. Vincent, Grenada, Antigua, Dominica, El Salvador, United States, Dominican Republic, Belize, Guyana, Curaçao, Bonaire, St. Maarten, and a related-party company named SITES). With the exception of Belize and Guyana, the local operations retain a reduced accounting presence in order to be able to address specific in-country accounting activities, but our SSC handles all operational processes mentioned above and delivers end-of-month financial statements. For Guyana and Belize, the SSC provides all services with the exception of the General Ledger Accounting process which is being performed locally.

The SSC is planning to incorporate Jamaica, Barbados, Trinidad & Tobago and Aruba, and their Accounts Payable, Non-Trade Accounts Receivable, Fixed Assets and Treasury for Procurement to Pay services. In the

coming years, our SSC plans to include Guatemala, Honduras, Nicaragua, Costa Rica and Ecuador for the same processes listed as well.

As mentioned above, our SSC implementation follows a four-phase maturity model before it can be considered a second generation or "Globally Integrated Center."

Level 1. Business Process Optimization is the course of business process transfer to SSC standardization and harmonization of the relevant processes that must take place to create a more efficient delivery model, quality improvement and cost reductions.

Level 2. Implementation of technologies to help our SSC to deliver our operational obligations, while optimizing performance through automation.

Level 3. Operational Human Resource development is critical for a sustainable enhancement of SSC competencies and performance. Due to the transactional nature of our SSC, the accumulation of large numbers of staff with the hard skills to perform the tasks needs to be balanced with an emphasis on professionalism of management and leadership that can drive efficiency in a service-orientated culture. We are also developing a strong emphasis on driving performance through Operational KPIs and SLA compliance metrics.

Level 4. This phase establishes a strong business partner relationship model in order to facilitate communication and increase customer satisfaction scores. Currently our SSC has achieved a Customer Satisfaction Survey (CSAT) score of 84% as of March 31, 2016, with a target of 80%.

Our SSC is entering its sixth operational year and is currently at Level 3 of its maturity model, showing consistent development and improvement in its implementation. Our SSC will reach its peak in cost optimization once all regions and countries are fully implemented, and increased economies of scales will then be achieved; however, our SSC has been able to reduce its cost per transaction by 25% from 2013 to 2016. Once we finalize the OCR scanning software implementation, we expect an even lower cost per transaction.

Intellectual Property

We believe that our trademarks, trade names and service marks are valuable assets which distinguish us from our competitors and promote and improve consumer recognition in the markets in which we operate and in the markets we seek to enter. Our own market studies indicate that we succeed at building and preserving strong brand awareness in each of our stores. As we enter new markets, we believe that we can capitalize on our existing brand awareness among target customers and tailor our branding strategy to new market segments.

The principal trade names and services marks used in our business are: La Curacao, Courts, Gollo, Artefacta, Almacenes Tropigas, Lucky Dollar, RadioShack, Unicomer USA, Courts Caribbean, Opticas La Curacao, Courts Optical, Loco Luis, Baratodo, Servitotal and Servitech and their respective logos. We own the trade names and service marks and the respective logos related to La Curacao, Courts, Gollo, Artefacta, Almacenes Tropigas, Lucky Dollar, Unicomer USA, Courts Caribbean, Opticas La Curacao, Courts Optical, Loco Luis, Baratodo, Servitotal and Servitech, except for RadioShack where our franchise agreements grant us license to use and display the trade name "RadioShack", related logos and marketing slogans.

We successfully operate various exclusive private label brands, which for fiscal year ended March 31, 2016 amounted to 19.1% of our total merchandise sales. The merchandise we sold under our wholly-owned trademarks accounted for approximately 99.87% of our product sales in the nine months ended December 31, 2016. Sales of merchandise related our licensed trademarks represented approximately 0.13% of our product sales for the nine months ended December 31, 2016. We have registered, or are in the process of registering, our private label trademarks. The terms of these registrations are generally ten years, and they are renewable for additional ten-year periods as long as the trademarks are in use at the time of renewal.

Internal Controls

Control Environment

Our management is committed to establishing and maintaining internal controls and setting the ethical tone of the organization. Management provides training and ongoing communication to ensure that employees understand

and have the skills necessary to perform their duties. In addition to our group-wide policies, we have guidelines in place for each operating unit in the various countries where we operate. The guidelines clearly define levels of authority and responsibility. We have been working to build a process framework and reference models in order to understand what work is done, how it is done and how effectively it is being done.

Risk Evaluation

We identify and evaluate the risks inherent in our business processes relative to our defined strategic objectives to measure their impact and probability of occurrence. In accordance with our strategic plan, which the management team updates annually, we identify both internal and external factors that could adversely affect and impede the realization of our strategic objectives or cause misstatements in our financial statements.

We have established a number of key indicators that measure the effectiveness of our internal control system for the identification of possible deviations (e.g., loss of inventory, EBIT by business unit, rotation of accounts receivable, and gross profitability by product). We also constantly evaluate changes in the political, economic and regulatory environments and in our business processes to prevent any risks that could adversely affect us.

Control Activities

Our key processes are designed to mitigate risks and to provide reasonable assurance that we will achieve our objectives, including that our financial statements do not contain material misstatements. We perform various control activities, including reconciliations of accounts, segregation of functions, levels of approval and authorization, safeguarding of assets, security information, actuarial analysis, analysis of the net realizable value of inventories and fixed assets, validation of the timely implementation of legal and tax requirements, and comparison of balances of accounting ledgers with the auxiliary records. In addition, the internal control department is responsible for initiatives to continually improve our processes and ensure that the controls remain effective.

Information and Communication

Our key processes are supported by computer systems that record the information coming from various functional areas for the subsequent issuance of the financial statements. The information provides relevant data for decision-making. This information flows in a timely manner to different users so that we can gauge periodically the achievement of our goals. Our information technology department has a team of professionals that gives support to ensure the reliability of the information.

Our employees are informed, through the Human Capital department of the various guidelines and changes in their respective roles and responsibilities. We maintain a line of communication for reporting illegal or fraudulent acts and constantly evaluate customer preferences and track customer complaints.

Monitoring

Our operating staff ensures that our processes comply with our established requirements. We have a second level of control managers and supervisors who ensure the quality of the information generated by our operating personnel. Our third level of control consists of managers in charge of the functional units, who are the key controls to ensuring compliance with policies and risk-mitigation. They also ensure that our system of internal control is free of significant errors or weaknesses. Our fourth level of control consists of the unit of internal control in charge of continuous improvement initiatives and monitoring the functioning of processes. Our fifth level consists of the internal audit department, which is in charge of monitoring compliance with policies and rules and reporting to our Audit Committee any important deviation that would put our assets at risk.

Internal Audit

The scope of the Internal Audit department is based on its charter, which was approved by our board of directors. The manager of our corporate Internal Audit department is a Certified Internal Auditor, a professional designation granted by the Institute of Internal Auditors. This manager reports directly to the Audit Committee of our board of directors.

Our Internal Audit department provides a broad range of audit services designed to help our organization meet its objectives. One of its key roles is to monitor risks and ensure that the controls in place are adequate to mitigate those risks.

Our Internal Audit department independently reviews inherent risks, apart from the risk analysis performed by management, relates risks in view of strategic objectives and creates an annual audit plan based on the perceived risks that are continuously monitored in the Audit Committee. Part of this audit plan is testing controls put in place by management to mitigate the various risks to which Unicomer Group is exposed and evaluating the resulting residual risks. Our executive management team has prepared a table of risk assessment criteria specifying the risk appetite of the organization.

Our Internal Audit department uses specialized audit software called TeamMate®, which provides status dashboards of outstanding Internal Audit findings through which a dynamic workflow signals alerts to the responsible managers. Employees at many different levels have access to the system and are actively involved in managing controls and Internal Audit findings. In 2013, we started including external audit findings in this tool. The Audit unit strategic objective is not only to align its performance to management strategic objectives but also to obtain an independent quality review assessment.

Human Capital

We have grown organically and through our acquisitions. As a result, our Human Capital department has identified the need to evolve and grow in order to address business complexity and strengthen organizational capabilities. To accomplish this goal, we have realigned our Human Capital Committee and prepared a work plan for the transformation, which includes the creation of the Corporate Human Capital department and establishes a new work model and structure.

Our Human Capital department has the goal of making us the employer of choice for prospective employees and positioning us in the top ten preferred places to work in all the countries in which we operate. We are also determined to strengthen our talent development pillar because we believe our people are the key drivers for our success. We continuously reinforce a culture based on values, ethics, customer service and results. At the same time, we strive to enhance our human resources processes and contribute to business transformations that capitalize on best practices and take advantage of opportunities for synergies across our operations.

General

As of December 31, 2016, we employed over 16,000 full-time employees. The table below sets forth our number of employees by area as of December 31, 2016:

Area	Total Employees
Stores	9,465
Logistics	807
Credits & Collections	2,211
Service Departments	743
General Management	34
Merchandising	126
Marketing	224
Finance	483
Human Capital	165
Information Technology	142
Corporate	310
Other (1)	2,057
Total Employees	16,767

(1) Administrative departments and auxiliary services such as cleaning, security, etc.

Labor Relations and Unions

We have good working relationships with our employees. We have a code of ethics to deal with conflicts of interest and the disclosure of confidential information. We comply with legal requirements concerning working hours and work environment in each country in which we operate.

In our Latin American operations there are no unions, and the majority of our staff in our Caribbean operations is non-unionized. The union representation in the largest Caribbean businesses (Jamaica and Trinidad) is less than 10% of the total staff and consists mostly of warehouse attendants. In Barbados, approximately 36% of our employees are unionized. The strongest unionized representation is in Aruba (where a majority of our employees are unionized), Guyana and the OECS region, where all six operations are unionized. There is one management union in Grenada. Group-wide we have established workable partnerships with all unions based on agreements and open dialogue. We have not had significant work stoppages in any of our operations.

Compensation Structure

Our compensation structure for sales employees is mixed, including a base salary and a variable component determined by commissions on sales. Operations, management and executive employees are paid a fixed-monthly salary payable bi-monthly. In addition, certain employees are paid a performance-based bonus as a percentage of their annual base salary that depends on their position level in the salary scale. For executive positions, the bonus structure has complex company and individual metrics, such as results of Adjusted EBITDA, revenue growth and other indicators connected with business performance. Top executives have a three-year incentive and retention plan based on company results. Salaries are reviewed annually and raises are granted depending on market comparisons and employee performance. For executive positions, there is a job evaluation system and salary scale based on the local labor market, including a constant comparison of the market position in each country where we operate.

In addition to the benefits required by law, we also provide life insurance, discounts on company purchases, recognition for seniority and other small perks. We also offer employee discounts and payment plans for additional self-training. For the executive level, we provide a company-paid medical insurance package.

Performance Management

The objective of the performance management process is to ensure that annual business results are met through individual employee contributions and to provide tools to manage and develop teams and individuals. A standardized performance evaluation process is currently being consolidated across all the countries with a focus on strengthening this process at the executive level. At the store level, the performance system is based on sales and store operations indicators. Performance results provide the necessary input for other human resources processes such as training, compensation, promotions and career development.

Learning

Unicomer is committed to training our employees through different programs that vary depending on functional and business needs. We have developed a specialized and mandatory training program for store personnel. This program includes sales techniques, management skills, customer service, company values and management system in order to ensure compliance with our standards related to customer service standards. All employees also have access to courses in a variety of areas and work ethics as well as in new performance strategies and initiatives. These courses are delivered in different modalities, including the “Unicomer University”, which was designed using a blended learning model that combines online and face-to-face training in retail, leadership and functional competency. At an executive level, we provide cross-country and cross-region courses custom designed for us. Executives also participate in various international conferences and courses in order to ensure that our team is current on new trends in the retail business. English and Spanish courses are also available for all to promote bilingual skills. In April 2013, 24 employees graduated with an MBA from an accredited university in Spain after having completed a two-year program using foreign visiting professors. We negotiated an attractive tuition rate so that employees paid less than half the price of the total MBA cost.

Succession Planning

We are implementing a new succession planning practice based on a leadership competencies model, individual performance, business results and potential. We have an annual assessment to identify key talent for the key positions at the executive levels.

Corporate Social Responsibility

Corporate social responsibility is essential to our Company. We are committed to the sustainable development of the communities we serve. Unicomer Group through various programs has benefitted thousands of children, youth and adults to meet its commitment to contribute to sustainable development in the countries where we operate. We have implemented various programs that target social, economic and environmental development. In certain countries, we have invested in infrastructure to provide better conditions for students in order to improve their educational and learning process, including providing computers, donating student desks, school supplies and food containers for rural schools in Central America. Unicomer Group also provides support to humanitarian institutions by donating kits for relief workers that volunteer their time throughout Central America. The Company's corporate social responsibility programs also support growth of small businesses with programs that provide administrative and management tools. In environmental development, we seek to reduce our environmental footprint with programs for correct disposal of electronic waste, reforestation and environmental education in schools.

Insurance

General

We insure our facilities, equipment and inventory for loss at replacement cost with policies covering strikes, hurricanes, floods, earthquakes and fires, among other risks. We also insure our operations for business interruption, interdependency, general liability, terrorism, supply chain disruption and maritime and inland transit. Additionally, we insure our officers and directors for liability (D&O Insurance), fidelity, money and theft.

We maintain insurance coverage in amounts that our management deems sufficient to cover possible losses, taking into account the nature of our activities, the risks involved in our operations and the guidance provided by our insurance consultants.

Canterbury Insurance

Canterbury Insurance Company Limited ("Canterbury") is a regulated insurance entity incorporated and domiciled in Bermuda, with registered offices at Clarendon House, 2 Church Street, Hamilton, Bermuda, HM11. Canterbury's Insurance Manager in Bermuda is Aon Insurance Managers (Bermuda) Ltd. of Aon House, 30 Woodbourne Avenue, Pembroke. Effective December 20, 2006, Canterbury was acquired from its former parent company, Courts Plc. Regal Worldwide Trading Inc. (BVI) holds 100% of Canterbury's issued shares as of December 31, 2016.

The principal activities of Canterbury consist of insuring and reinsuring payment protection risk and extended warranty claim risk purchased from licensed agents by our clients in various countries. Under these policies, Canterbury is liable in the event of death or disablement of a purchaser to pay any outstanding installments or a proportion of such installments less any payments in arrears. Canterbury is also liable for claims of reimbursement for the repair or replacement cost of covered products when made by customers in accordance with the terms and conditions of the policy.

Legal Proceedings

From time to time, we are involved in various claims, lawsuits and government proceedings incidental to the ordinary operations of our business. The number or significance of these disputes and inquiries could increase as our business expands. Any claims or regulatory actions against us, whether meritorious or not, could be time consuming, result in expensive litigation, require significant amounts of management time, and result in diversion of significant operational resources. We currently are not involved in any legal, regulatory or arbitration proceedings that are likely to have a material adverse effect on our financial position or results of operation.

MANAGEMENT

General

The management of our business affairs and operations is entrusted to our Board of Directors. Our corporate bylaws prescribe that the Board of Directors shall consist of ten members, four chosen by each of the shareholders group and the remaining two independent members, each chosen at the proposal of one of the shareholders groups.

The members of our Board of Directors are appointed to three-year terms but may be removed or substituted by the shareholder that appointed them or reelected. All of our current directors and alternate directors were elected or ratified in 2016.

A quorum at any meeting of the Board of Directors is formed with the attendance of a simple majority of its members and actions are validly taken by the affirmative vote of a simple majority of the members present. In the event of an impasse, the Chairman of the Board casts the deciding vote.

Certain matters require approval of at least eight of ten directors, including changes in the course of the business of the Company or its subsidiaries, sale or purchase of material assets or execution of material capital investments, approval of the annual budget and financial statements, a material increase in debt, and the execution of material contracts or guarantees.

In addition, our shareholders must approve any changes to the authorized capital of the Company and any of our direct subsidiaries, the issuance or sale of securities, changes to dividend policies or the approval of dividend distributions, amendments to the bylaws, removal or change of our external auditors, and the merger, sale dissolution or liquidation of the Company or its subsidiaries.

Board of Directors

The Board of Directors currently consists of 10 members, four representing each of the two shareholder groups and two independent directors. The following table sets forth the name, title, age and the year of appointment of each of the current board members.

Name	Age	Board function	Principal Occupation	Year of First Appointment
Mario Siman	58	Chairman	CEO Unicomer Group	2001
Guillermo Siman	56	Vice-Chairman/Secretary	Vice-Chairman and EVP of Unicomer Group and of Almacenes Siman	2001
Rodolfo Siman	55	Director	VP Merchandising Unicomer Group	2001
Teófilo Siman	57	Director	CEO Intertrade Ltd.	2001
Carlos Marin	34	Director	Director of International Beers of Grupo Modelo, S.A. de C.V.	2016
Max David	62	Director	Chairman of the Board of Directors of El Puerto de Liverpool S.A.B. de C.V.	2010
Graciano Guichard	38	Director	Director of Merchandising of El Puerto de Liverpool S.A.B. de C.V.	2012
Santiago de Abiega	52	Director	Corporate Director of Financial Services of El Puerto de Liverpool S.A.B. de C.V.	2010
Arturo Núñez	62	Independent Director	CEO Grupo Enfoca	2016
Hugo Lara García	50	Independent Director	Independent Consultant	2013

Mario Siman, 58, has been Chairman of the Board and Chief Executive Officer of Unicomer Group since 2000. Mr. Siman graduated valedictorian from Loyola University New Orleans both for BA and MBA. In 1982, he became responsible for the turnaround of a troubled Honda motorcycle dealership in Miami. He then began to work as Director of Operations and Finance for the wholesale division of Intradeco Export Inc in the United States. Subsequently, in 1987, he returned to El Salvador to work as VP of Operations and Finance of Almacenes Siman in Central America. In the year 2000, when the Milady Group acquired the operations of the Dutch group CETECO, he was named Chairman and CEO of Unicomer Group. Mr. Siman also served as treasurer of the Salvadoran stock exchange for over 15 years and is Executive Director of Radio La Paz, a non-profit organization.

Guillermo Siman, 56, has been Vice Chairman and Executive Vice President of Unicomer Group since 2001. Mr. Siman received a Bachelor's in Business Administration from Loyola University New Orleans and a MBA from the MIT Sloan School of Management. Mr. Siman worked as Vice President for Planning and Research at Citibank, acquiring more than five years of experience in different departments of Citibank's consumer bank. In 1993 he joined Alsicorp as Executive Vice President and in 2000 he became Vice Chairman and Executive Vice President of Unicomer Group, where he also oversees the Corporate Services division of Unicomer Group, which includes the Technology, Logistics and Distribution, Project Management, and Loss Prevention/Security areas. Mr. Siman is currently Vice President of GS1 El Salvador, which forms a part of a worldwide organization seeking to improve commerce by supporting global standards and technologies. Since 2009, he has also served on the Board of Directors of Banco Compartamos, a leading Latin American microfinance bank based in Mexico. Since 2010, he has served on the board of Liverpool, the leading department store retailer in Mexico. He was also a member of the board of Banco Salvadoreño, a commercial bank in El Salvador currently owned by DAVIVIENDA.

Rodolfo Siman, 55, has been a board member and Vice President of Merchandising for Unicomer Group since 2000. Mr. Siman graduated from Loyola University New Orleans in 1986 with a degree in Computer Science and Business Administration. Mr. Siman also completed Babson College's graduate program for Strategic Planning and Management in Retailing. He is an experienced merchandiser responsible for managing stock inventory and has a proven track record of developing strategic systems and processes to optimize market share and profitability and coordinating international logistics, store planning and design. Mr. Siman is also the Merchandise Information System (MIS) user group coordinator for the merchandising systems. Mr. Siman is a board member of Milady Associates Ltd. He has been key to obtaining and developing our RadioShack franchise stores in Central America and has a direct relationship with strategic vendors. He is also responsible for sourcing and developing the private label brands for the Company.

Teófilo Siman, 57, has been a board member of Unicomer Group since 2001. Mr. Siman is the Chief Executive Officer of Intertrade Limited, a trading and wholesale company headquartered in Miami with operations in El Salvador and Guatemala. Mr. Siman graduated from Catholic University of America in 1982 with a Bachelor in Electrical Engineering and in 1984 with a Master's degree in Finance. He has held several positions in different areas of the Unicomer Group since 1984.

Carlos Marin, 34, has been a member of the board of Unicomer Group since 2016. Mr. Marin is International Director of Liverpool.

Max David, 62, has been a member of the board of Unicomer Group since 2010. Mr. David is Chairman of the Board of Directors and a member of the Operations Committee of Liverpool.

Graciano Guichard, 38, has been a member of the board of Unicomer Group since 2012. Mr. Guichard was the Director of Merchandising, and he is now the CEO of Liverpool.

Santiago de Abiega, 52, has been a member of the board of Unicomer Group since 2010. Mr. de Abiega is the Corporate Director of Financial Services of Liverpool.

Arturo Núñez, 62, has been a member of the board of Unicomer Group since 2015. Mr. Núñez serves as CEO of Peruvian Grupo Enfoca since January 2012.

Hugo Lara García, 50, has been a member of the board of Unicomer Group since 2013. Mr. García is a Senior Client Partner of Korn Ferry Mexico based in the Monterrey office. He previously served as Global Director for Mexichem and before that as CEO of Vitro SAB de CV from 2008 to 2013.

Board Practices

Our Board of Directors meets four times per year, typically once per quarter. Most board meetings are held in El Salvador; at least once a year, the Board meets at a local country operation, and conducts country management meetings and store visits.

Pursuant to our corporate bylaws, our Board of Directors must, among other things:

- determine our general business strategy;

- approve the sale or purchase of assets, or execution of capital investments with a value (in an operation or a class of simultaneous or succesive operations) in excess of $5 million in one fiscal year;

- approve our financial statements and the annual budget;

- approve the increase in the debt of the company for an amount (in an operation or a class of simultaneous or succesive operations) in excess of 5% of our consolidated assets in one fiscal year;

- approve the execution or granting of contracts or guarantees for an amount (in an operation or a class of simultaneous or succesive operations to be carried out in a single fiscal year and for the same purpose) in excess of $5 million;

- approve the initiation of any bankruptcy procedure or payment suspension; and

- appoint our officers.

All of the above actions require a vote of eight out of ten directors.

Our corporate by-laws permit our shareholders to appoint up to four alternates per shareholders' group. The independent directors shall have no alternate.

The law of the British Virgin Islands also imposes a duty of care on our directors, including alternate directors, which requires that our directors, exercising their powers or performing their duties, shall act honestly and in good faith and in what the directors believe to be in our best interest. Our directors are required to discharge their duty of care, primarily by requesting and obtaining from the issuer or its officers, as the case may be, all information that may be necessary to participate in discussions requiring the presence of such director, by requesting and obtaining information from third-party experts, by attending the meetings of the Board of Directors and its committees and by disclosing material information in the possession of the relevant director. Failure to act with care by any one or more directors subjects the relevant directors to joint liability for damages and losses caused to the Company and its subsidiaries.

The liabilities specified above will not be applicable if the director acted honestly and in good faith and with a view to the best interests of the Company and (i) complied with the requirements set forth in the applicable laws and our bylaws in connection with the matters requiring approval by our Board or Directors or its committees, (ii) relied upon information provided by our executive officers or independent experts, and (iii) selects the more adequate alternative in good faith or in a case where the negative effects of such decision may not have been foreseeable.

Our audited consolidated financial statements for the fiscal year ended March 31, 2016 have been approved by our Board of Directors and were approved by our shareholders at the annual ordinary shareholders' meeting held on August 11, 2016.

Audit Committee

Our Audit Committee consists of three members and their respective alternates. One of the members must be one of the independent members of the board and the other two members must be named by each of the shareholder groups. The independent member may serve as chairman of the committee.

Name	Committee Function	Principal Occupation
Jose Eduardo Siman	Chairman	Chairman of Milady Associates Ltd.
Santiago de Abiega	Board Director	Director of Consumer Finance of El Puerto de Liverpool SAB de CV
Hugo Lara García	Board Director	Independent Consultant

The following is a brief summary of the business experience of our Audit Committee members who are not also directors:

Jose Eduardo Siman, 71, has served on the Audit Committee since 2012. Mr. Siman is Chairman of Milady Associates Ltd.

The Audit Committee meets quarterly and at least four times per year. Its duties include, among others: evaluating the performance of the entity that provides external audit services as well as the opinions and reports prepared by the external auditor; discussing the company's financial statements with those responsible for preparing and reviewing them, and, if applicable, recommending their approval to the Board of Directors; informing the board of the situation regarding the internal control and internal audit systems of the Company and its subsidiaries, including any detected irregularities and the corrective actions implemented or proposed.

Human Capital Committee

Our Human Capital Committee consists of three members and their respective alternates. One of the members must be one of the independent members of the board and one member must represent each major shareholder group. The independent member may act as chairman of the committee.

Name	Committee Function	Principal Occupation
Hugo Lara García	Chairman	Independent Consultant
Guillermo Siman	Board Member	Executive VP Unicomer Group
Santiago de Abiega	Board Member	Director of Consumer Finance of El Puerto de Liverpool SAB de CV

The Human Capital Committee meets at least four times a year. Its functions include the elaboration and presentation of criteria to the board for the evaluation of senior management and the compensation of the CEO and senior management.

Senior Management

We have a strong centralized management team led by Mario Siman, Chairman and CEO, with broad experience in development, revenue, supply chain management, operations, finance and marketing. Most of our senior executives have worked in the retail industry for many years.

The following table lists our current senior management:

Name	Age	Position	Years as an Executive Officer
Mario Siman	58	Chairman and Chief Executive Officer	17
Guillermo Siman	56	Executive Vice President	17
Rodolfo Siman	55	Vice President of Merchandising	17
Peter Klingeman	57	Vice President and Chief Financial Officer	17
Mario Guerrero	67	Vice President Caribbean Region	12
Jaime Lopez	55	Vice President Latin America Region	17
Mario Ferman Parker	55	Vice President of Information Technology	5

The following is a brief summary of the business experience of our senior management who are not also directors:

Peter Klingeman, 57, has been Vice President of Finance and Chief Financial Officer of Unicomer Group since 2000. After graduating from the Nijenrode Business University in The Netherlands, Mr. Klingeman obtained an MBA in Finance in 1983 from the University of Florida. Mr. Klingeman worked seven years in Corporate and National Banking at First Union Bank (now Wells Fargo) as Assistant Vice President. He subsequently passed the Certified Public Accountant exam in Florida and the National Association of Securities Dealers' Series 7 Exam, and worked for BDO Seidman, a public accounting firm, in auditing and tax. In 1992, Mr. Klingeman joined Baxter Healthcare Corp. as Controller for their European Cardiovascular operations, until he joined Ceteco NV in 1995, where he oversaw their Finance, Consumer Credit and IT divisions for Central America. After the acquisition of Ceteco's Central American operations in 2000, Mr. Klingeman became Chief Financial Officer of Unicomer Group. Since 2013, Mr. Klingeman is a member of the Audit Committee of a multinational packaging company with headquarters in El Salvador. Mr. Klingeman is the Honorary Consul General of The Netherlands and Director of a Dutch Foundation seeking to improve conditions for youth in El Salvador.

Mario Guerrero, 67, has been Vice President Caribbean Region of Unicomer Group since 2006. Mr. Guerrero has a bachelor's and master's degree in mechanical engineering from the Massachusetts Institute of Technology, and an MBA from Harvard Business School. In 2007, Mr. Guerrero was appointed to the board of directors of Intradeco Holding Company and from 2002 to 2006 he served as one of two external directors on the board of Milady Associates Ltd. In December 2001, Mr. Guerrero was appointed Advanced Energy's vice president of strategic planning after consulting for that company for several months. Before joining Advance Energy, Mr. Guerrero founded and managed MAG Associates, Ltd., an independent consulting firm that specialized in business strategy, organizational change and operational improvement. Formerly, he was a partner with The Canaan Group, a boutique consulting firm, and prior to that, a senior associate specializing in technology and strategy consulting at Booz, Allen & Hamilton, Inc. In addition, Mr. Guerrero has operations and sales experience as a former manager for Texas Instruments in both North and Central America.

Jaime Lopez, 55, has been Vice President Latin America Region of Unicomer Group since 2007. Mr. Lopez joined the Company in 2000 as Country Manager for Honduran operations after serving as General Manager of a local DCG chain. He graduated in 1986, first in his class, from the Universidad Nacional Autónoma de Honduras with a degree in Industrial Engineering. Mr. Lopez then received an MBA from INCAE Business School in Costa Rica. He worked for eight years at Grupo Solid, a large regional conglomerate in Central America involved in the paint industry and its derivatives, from manufacturing to retailing, most recently as Country Manager for their Honduran operations. In 1995, he joined Grupo Inversiones La Paz, a large conglomerate of retail businesses in Honduras, first as General Manager for Automundo, S.A., the exclusive distributor of Honda and Daihatsu automobiles. Two years later he was promoted to Executive Director of both Automundo, S.A. and Ultramotor, S.A., the exclusive distributor of Yamaha motorcycles.

Mario Ferman Parker, 55, has been Vice President of Information Technology of Unicomer Group since October 1, 2012. Mr. Ferman graduated in 1985 with High Honors from the Georgia Institute of Technology with a Bachelor's Degree in Information and Computer Science. In 1987 he graduated with Highest Honors, from the same institution with a Master of Science in Management. He worked for 25 years at Exxon, Esso and ExxonMobil affiliates in Houston, San Salvador, Brussels and Miami. Throughout his career he has led important regional and global IT roles such as the Transition Lead from Exxon platform to Puma, Data Conversion Lead for US/Canadian plants and refineries, Business process centralization Lead through a region-wide shared service center for Accounting, and positions such as Marketing IT Architect for Retail, SAP Sales Business Process manager and SAP Pricing Business Lead. Along his career Mr. Ferman was appointed and held key business positions such as Industrial Sales Manager, Aviation Manager, Operations Engineer, Plant Superintendent, and Refinery Sales & Administrative Manager. In his last work experience, he led the Enterprise Resource Planning (ERP) project for Puma Energy for the Americas.

Organizational Matrix and Structure

Our operations are divided into two regions: the Latin American region and the Caribbean region. Each of these two regions is headed by a vice-president to whom each individual country's managing directors report. In turn, the managing directors manage a team of different operational functions in each country that consist of sales, marketing, merchandising, logistics, service and repair centers, consumer finance, as well as back-office functions such as

finance, human capital and information technology. Each of these functions has its own corporate counterpart in each country that sets corporate policies and provides guidelines, knowledge, benchmarking and information, among others.

Compensation

For the fiscal year ending March 31, 2016, the total amount of compensation paid to the members of the Board of Directors was $16,000, and the total amount of compensation paid to the executive team was approximately $3,588,526.

Stock Option Plans

We do not have stock option plans for members of our management.

PRINCIPAL SHAREHOLDERS

As of December 31, 2016, our authorized capital consisted of 152,065,548 shares, par value $1.1912. There are no preferred shares. All shares are fully subscribed and paid for. Each common share is entitled to one vote at the general shareholder meeting. The following table sets forth information concerning the ownership of our common shares as of December 31, 2016 by each of our shareholders.

Shareholder	Common Shares	(%)
Infotech of The Caribbean and Central America Corp. (100% controlled by Milady Associates Ltd.)	76,032,774	50%
Gromeron, SLU (100% controlled by El Puerto de Liverpool S.A.B. de C.V.)	76,032,774	50%
Total	**152,065,548**	**100%**

RELATED PARTY TRANSACTIONS

Unicomer Group has certain service agreements with the Milady Group in place, specifically for services related to information technology (hardware, software and communications) and logistics (*e.g.*, Shared Distribution Center in El Salvador and Guatemala). These service agreements are structured and priced on an arm's-length basis and have enabled both Unicomer Group and another large branch of the Milady Group to be able to leverage off of a larger scale for designing and purchasing state of the art systems.

These service agreements have been in place since 2000 and are expected to continue on an arm's-length basis as long as both companies consider it beneficial to each other. Unicomer Group is constantly exploring new ways to improve in these areas and is currently exploring different software platforms for specific areas of the Company that may or may not fall within these service agreements.

Other material transactions and agreements with related parties include arm's-length labor contracts with Almacenes Siman, our CEO, our Executive Vice President and our Vice President of Merchandising. In addition there are transactions with shareholders of Milady Associates Ltd. and inter-company loans with our subsidiaries.

DESCRIPTION OF THE NOTES

The Notes will be issued under the Indenture among Grupo Unicomer Co. Ltd., a company limited by shares organized under the laws of the British Virgin Islands (the "Company"), each of Unicomer Latin America Co. Ltd., Regal Worldwide Trading (RWT) Inc., Canterbury Insurance Company Ltd., Caribbean Licensing Corp., Union Comercial de Guatemala, S.A., Unicoservi, S.A. (Guatemala), Union Comercial de El Salvador, S.A. de C.V., Union Comercial de Honduras, S.A. de C.V., Union Comercial de Nicaragua, S.A., Unicoservi, S.A. (Nicaragua), Unicomer de Ecuador, S.A., Cobalt Holding Co. Ltd., Unicomer (Jamaica) Ltd., Unicomer (Trinidad) Ltd., Regal Worldwide Trading, LLC, Unicomer (Belize) Ltd., Unicomer (St. Lucia) Ltd., Union Comercial de Costa Rica, Unicomer S.A., Union Comercial Corporativo, S.A. de C.V., Global Franchising Corporation, Wisdom Product S.A.E.C.A. and Unicorp International Services Inc., as subsidiary guarantors (the "Subsidiary Guarantors"), and The Bank of New York Mellon (the "Trustee"), as trustee, registrar, transfer agent and paying agent. The Subsidiary Guarantors will unconditionally guarantee all obligations of the Company under the Indenture and the Notes (the "Note Guarantees").

The statements in this section of the offering memorandum relating to the Indenture, the Notes and the Note Guarantees are summaries and are not a complete description of the Indenture, the Notes or the Note Guarantees. Where reference is made to particular provisions of the Indenture, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to the provisions of the Indenture. Unless otherwise indicated, references in this section of the offering memorandum to Sections or Articles are references to sections and articles of the Indenture.

You are urged to read the Indenture because it, and not this description, will define your rights as a holder of Notes and Note Guarantees. Copies of the Indenture are available for inspection during normal business hours at the Company's principal office and at the office of the Trustee in New York, New York.

You can find the definitions of certain capitalized terms used in this section under "—Certain Definitions." When we refer to:

- the "Company" in this section, we mean Grupo Unicomer Co. Ltd. (parent company only), and not its Subsidiaries, and
- the "Notes" in this section, we mean the notes originally issued on the Issue Date and any Additional Notes.

Overview

The Notes will:

- be general unsecured obligations of the Company;
- rank equal in right of payment with any existing and future senior unsecured Indebtedness of the Company (subject to certain statutory preferences, including without limitation, tax and labor claims);
- rank senior in right of payment to any existing and future obligations of the Company that are, by their terms, expressly subordinated in right of payment to the Notes (subject to certain statutory preferences, including without limitation, tax and labor claims);
- be effectively subordinated to all existing and future secured obligations of the Company, to the extent of the value of the assets securing such obligations;
- be structurally subordinated to all Indebtedness and other liabilities and commitments, including trade payables, lease obligations and preferred stock, of each Subsidiary of the Company (other than the Subsidiary Guarantors); and
- be subordinated to obligations preferred by statute or by operation of law.

The Note Guarantee of each Subsidiary Guarantor will:

- be a general unsecured obligation of such Subsidiary Guarantor;

- rank equal in right of payment with any existing and future senior unsecured Indebtedness of such Subsidiary Guarantor (except for the Jamaican Senior Indebtedness in the case of Unicomer (Jamaica) Limited, as described under "—Note Guarantees") (subject to certain statutory preferences, including without limitation, tax and labor claims);

- rank senior in right of payment to any existing and future obligations of such Subsidiary Guarantor that are, by their terms, expressly subordinated in right of payment to its Note Guarantee (subject to certain statutory preferences, including without limitation, tax and labor claims);

- be effectively subordinated to existing and future secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets securing such obligations (except for the Jamaican Senior Indebtedness in the case of Unicomer (Jamaica) Limited, as described under "—Note Guarantees");

- be structurally subordinated to all Indebtedness and other liabilities and commitments, including trade payables, lease obligations and preferred stock, of each Subsidiary of such Subsidiary Guarantor (other than any other Subsidiary Guarantor); and

- be subordinated to obligations preferred by statute or by operation of law.

As of December 31, 2016, as adjusted to give effect to this offering and the assumed application of the estimated net proceeds therefrom, as described under "Use of Proceeds":

- the total outstanding consolidated Indebtedness of the Company would have amounted to US$789.1 million; and

- the Company's and Subsidiary Guarantors' outstanding senior Indebtedness would have amounted to US$739.2 million, of which US$235.6 million would have been secured (including the Jamaican Senior Indebtedness described under "—Note Guarantees").

The Company will be permitted to incur additional *pari passu* Indebtedness, which may also be secured Indebtedness, subject to the covenants described below under "—Certain Covenants—Limitation on Incurrence of Indebtedness" and "—Certain Covenants—Limitation on Liens."

As of the Issue Date, all of the Company's Subsidiaries will be Restricted Subsidiaries, other than Redstart Investments (Belize) Ltd., Unicon Investments (Aruba) N.V. and Unicomer Capital (Trinidad) Ltd., which collectively represented 0.5% and 0.6% of the Company's Consolidated Assets and Consolidated EBITDA, respectively, as of and for the twelve months ended December 31, 2016. In addition, as described under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate certain of its Subsidiaries as Unrestricted Subsidiaries. The Unrestricted Subsidiaries of the Company will not be subject to many of the restrictive covenants in the Indenture and will not be required to guarantee the Notes.

Principal, Maturity and Interest

The Company will initially issue US$350.0 million in aggregate principal amount of Notes in this offering. The Company will issue the Notes in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.

The Notes will mature on April 1, 2024. Interest on the Notes will accrue at a rate of 7.875% per annum and will be payable semi-annually in arrears on April 1 and October 1. The first interest payment will be made on October 1, 2017 in respect of the period from (and including) March 27, 2017 to (but excluding) October 1, 2017. The Company will make each interest payment to the holders of record on the March 15 and September 15 immediately preceding the following interest payment date. Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Additional Notes

The Company may issue additional Notes (the "Additional Notes") under the Indenture from time to time after this offering in an unlimited principal amount. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness." Any Additional Notes will have the same terms and conditions as the Notes (including the benefit of the Note Guarantees) in all respects (other than the issue date, issue price and date from which interest will accrue and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes will be part of the same series as the Notes offered hereby and will vote on all matters that require a vote, including, without limitation, waivers, amendments, redemptions and offers to purchase; *provided* that Additional Notes with the same securities identifiers may be issued only if such issuance would constitute a "qualified reopening" for U.S. federal income tax purposes.

Note Guarantees

Not all of our Subsidiaries will guarantee the Notes. The Subsidiary Guarantors will, subject to applicable legal limitations, including without limitation statutory preferences, including without limitation tax and labor claims, fully and unconditionally guarantee the full and punctual payment of principal, premium, if any, interest, Additional Amounts and any other amounts that may become due and payable by the Company in respect of the Notes and under the Indenture. The Note Guarantees will provide that the Subsidiary Guarantors will immediately pay any amount that the Company fails to punctually pay but is required to pay pursuant to the terms of the Indenture.

The Note Guarantees will not be secured by any of the assets or properties of the Subsidiary Guarantors. As a result, if the Subsidiary Guarantors are required to pay under the Note Guarantees, holders of the Notes would be unsecured creditors of the Subsidiary Guarantors. The Note Guarantees will not be subordinated to any of the Company's or the Subsidiary Guarantors' other unsecured debt obligations, *provided* that the Note Guarantee of Unicomer (Jamaica) Limited will be subordinate to the payment in full of all Jamaican Senior Indebtedness, including amounts above the value of any collateral securing the Jamaican Senior Indebtedness. In the event of a bankruptcy or liquidation proceeding against the Company or any of the Subsidiary Guarantors, the Note Guarantees would rank equally in right of payment with all of the Company's or such Subsidiary Guarantor's other unsecured and unsubordinated debt (other than the Jamaican Senior Indebtedness in the case of the Note Guarantee of Unicomer (Jamaica) Limited), subject to obligations preferred by statute, such as tax and labor claims.

The Notes and the Note Guarantees will be effectively subordinated to claims of creditors (including trade creditors and preferred stockholders, if any) of the Company's Subsidiaries (other than the Subsidiary Guarantors). The Indenture will limit the obligations of each Subsidiary Guarantor under its Note Guarantee to an amount not to exceed the maximum amount that can be guaranteed by such Subsidiary Guarantor by law or without resulting in its obligations under its Note Guarantee being voidable or unenforceable under applicable laws relating to fraudulent transfer, or under similar laws affecting the rights of creditors generally. By virtue of these limitations, a Subsidiary Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes and the Indenture, or a Subsidiary Guarantor may have effectively no obligation under its Note Guarantee. The above limitation may not protect the Note Guarantees from fraudulent transfer challenges, or other challenges under similar laws affecting the rights of creditors generally, or, if it does, the remaining amount due and collectible under the Note Guarantees may not suffice, if necessary, to pay the Notes in full when due. See "Risk Factors—Risks Relating to Our Debt and the Notes."

The Subsidiary Guarantors and the Company as of the Issue Date represented 85.6% and 86.5% of the Company's Consolidated Assets and Consolidated EBITDA, respectively, as of and for the twelve-month period ended December 31, 2016.

The Company will cause any existing or future Restricted Subsidiary that (A) as of the last date of any fiscal quarter and with respect to the Company and its Restricted Subsidiaries, individually represents at least 5% of the Consolidated Assets of the Company and its Restricted Subsidiaries as determined in accordance with IFRS, or (B) for any twelve-month period ending as of the last day of any fiscal quarter, individually represents at least 5% of the Consolidated EBITDA of the Company and its Restricted Subsidiaries as determined in accordance with IFRS, to become a Subsidiary Guarantor, execute a supplemental indenture and deliver an Opinion of Counsel as to the due authorization, execution and delivery thereof and as to its validity, legality and binding effect; *provided, however,* that if (i) with respect to (A) above, as of the last date of the relevant fiscal quarter, the Company and the

then-existing Subsidiary Guarantors collectively represent at least 85% of the Consolidated Assets of the Company and the then-existing Restricted Subsidiaries, then such Restricted Subsidiary will not be required to become a Subsidiary Guarantor, and (ii) with respect to (B) above, for the relevant twelve-month period, the Company and the then-existing Subsidiary Guarantors collectively represent at least 85% of the Consolidated EBITDA of the Company and the then-existing Restricted Subsidiaries, then such Restricted Subsidiary will not be required to become a Subsidiary Guarantor; and *provided further* that if the Company provides the Trustee with an Officer's Certificate as of the last day of the applicable fiscal quarter certifying that any such Restricted Subsidiary is prevented by local law or the existence of minority shareholders from Guaranteeing the Notes, then such Restricted Subsidiary will not be required to become a Subsidiary Guarantor. If subsequently such Restricted Subsidiary is no longer prevented from Guaranteeing the Notes, the Company will promptly cause such Restricted Subsidiary to become a Subsidiary Guarantor by executing a supplemental indenture, but only if the Company and the then-existing Subsidiary Guarantors do not satisfy the tests set forth in (i) and (ii) in the first sentence of this paragraph.

The Subsidiary Guarantors will guarantee the Company's Obligations under the Notes and the Indenture jointly and severally, fully and unconditionally, on a senior unsecured basis (subject to certain statutory preferences, including without limitation, tax and labor claims), except as described below under "—Limitation on Note Guarantee of Unicomer (Jamaica) Limited." The Subsidiary Guarantors will agree to pay, in addition to the amount stated above, any and all reasonable and documented costs and expenses (including reasonable and documented counsel fees and expenses) incurred by the Trustee or the holders of Notes in enforcing any rights under the Note Guarantees.

A Subsidiary Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving Person), other than the Company, another Subsidiary Guarantor or a Person who becomes a Subsidiary Guarantor concurrently with such transaction, unless:

(1) immediately after giving effect to that transaction (and treating any Indebtedness that becomes an Obligation of the resulting, surviving or transferee Person or any Restricted Subsidiary as a result of that transaction as having been incurred by such Person or such Restricted Subsidiary at the time of such transaction), no Default or Event of Default exists;

(2) either:

(A) the Person formed by or surviving any such consolidation or merger (if other than the Subsidiary Guarantor) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made (the "Successor Subsidiary Guarantor") assumes all the obligations of the Subsidiary Guarantor under the Note Guarantee and the Indenture and, in the case of a consolidation or merger, the Successor Subsidiary Guarantor agrees to modify the provisions under "—Additional Amounts" if necessary so that Tax Jurisdiction will be defined to include any jurisdiction in which such Person is resident for tax purposes; or

(B) the transaction is made in compliance with the covenant described under "—Certain Covenants—Limitation on Asset Sales"; and

(3) the Company will have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture.

The Note Guarantee of a Subsidiary Guarantor will be released:

(1) in connection with a sale or other disposition (including by way of consolidation or merger) of that Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of that Subsidiary Guarantor (other than to the Company or a Restricted Subsidiary) if such sale or other disposition is in compliance with the Indenture, including the covenant "—Certain Covenants—Limitation on Asset Sales";

(2) if the Company designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture; or

(3) upon legal defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Limitation on Note Guarantee of Unicomer (Jamaica) Limited

The payment of principal, premium and interest, if any, on the Note Guarantee of Unicomer (Jamaica) Limited will be subordinated to the prior payment in full in cash or Cash Equivalents of all secured obligations under the Jamaican Senior Indebtedness, including amounts above the value of any collateral securing the Jamaican Senior Indebtedness. The holders of Jamaican Senior Indebtedness will be entitled to receive payment in full of all secured obligations due in respect thereof before the holders of Notes will be entitled to receive any payment with respect to the Note Guarantee of Unicomer (Jamaica) Limited after the occurrence of an event of default as defined by the Jamaican Common Agreement, including: non-payment, breach of other obligations under the transaction documents for the Jamaican Senior Indebtedness, misrepresentation, cross-default, enforcement of a lien, insolvency, insolvency proceedings, creditors' process or analogous proceedings, cessation of business, unlawfulness, change in ownership of Unicomer (Jamaica) Limited, material adverse change, loss of priority ranking, environmental permits, exchange controls, repudiation of a transaction document, nationalization, pension fund deficit, material adverse effect, cancellation of licenses or other issues with respect to a subsidiary of Unicomer (Jamaica) Limited.

If a distribution is made to holders of Notes that, due to the subordination provisions of the Note Guarantee of Unicomer (Jamaica) Limited described above, should not have been made to them, such holders are required to hold it in trust for the holders of Jamaican Senior Indebtedness and pay it over to them. The Company must promptly notify holders of Jamaican Senior Indebtedness if payment of the Notes is accelerated because of an Event of Default.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of Unicomer (Jamaica) Limited, holders of the Notes may recover less than creditors of Unicomer (Jamaica) Limited that are holders of Jamaican Senior Indebtedness. See "Risk Factors—Risks Relating to Our Debt and the Notes." As of December 31, 2016, Unicomer (Jamaica) Limited had total consolidated Jamaican Senior Indebtedness of 6,701,297,111 Jamaican Dollars (US$ 52,280,500).

Additional Amounts

All payments of principal, premium (if any) or interest by the Company in respect of the Notes or the Subsidiary Guarantors in respect of the Note Guarantees (whichever applicable, the "Applicable Payor") will be made without deduction or withholding for or on account of any present or future taxes, penalties, fines, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of any jurisdiction in which the Applicable Payor is then resident for tax purposes or any jurisdiction by or through which payment is made (each, a "Tax Jurisdiction"), or any political subdivision thereof or any authority therein having power to tax (such taxes, penalties, fines, duties, assessments or other governmental charges, "Applicable Taxes"), unless such deduction or withholding is required by law.

In the event that any Applicable Taxes are required to be so deducted or withheld, the Applicable Payor will pay such additional amounts ("Additional Amounts") as may be necessary to ensure that the amounts received by holders of such Notes after such withholding or deduction will equal the respective amounts that would have been receivable in respect of such Notes in the absence of such withholding or deduction, except that no such Additional Amounts will be payable:

(1) to or on behalf of a holder or beneficial owner of a Note that is liable for Applicable Taxes in respect of such Note by reason of having a present or former connection with the relevant Tax Jurisdiction imposing or levying the Applicable Taxes other than the mere holding or owning of such Note or the enforcement of rights with respect to such Note or the receipt of income or any payments in respect thereof;

(2) to or on behalf of a holder or beneficial owner of a Note in respect of Applicable Taxes that would not have been imposed but for the failure of the holder or beneficial owner of a Note to comply with any certification, identification, information, documentation or other reporting requirement if such compliance is required by applicable law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Applicable Taxes, provided that (x) the holder or beneficial owner has been provided with at least 60 days' prior written notice of an

opportunity to satisfy such a requirement and (y) in no event shall such holder or beneficial owner be required to provide any materially more onerous certification, identification, information, documentation or other reporting than would be required to be provided had such holder or beneficial owner been required to file Internal Revenue Service Forms W-8BEN, W-8BEN-E, W-8ECI, W-8EXP and/or W-8IMY;

(3) to or on behalf of a holder or beneficial owner of a Note in respect of any estate, inheritance, gift, sales, transfer, personal assets or similar tax, assessment or other governmental charge;

(4) to or on behalf of a holder or beneficial owner of a Note in respect of Applicable Taxes payable otherwise than by withholding from payment of principal, premium (if any) or interest on the Notes;

(5) to or on behalf of a holder or beneficial owner of a Note in respect of Applicable Taxes that would not have been imposed but for the fact that the holder presented such Note for payment (where presentation is required) more than 30 days after the later of (x) the date on which such payment became due and (y) if the full amount payable has not been received by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect will have been given to the holders by the Trustee;

(6) to or on behalf of a holder or beneficial owner of a Note in respect of any tax, duty, assessment or government charge that is imposed on or with respect to a Note presented for payment by or on behalf of a holder or beneficial owner who would have been able to avoid such withholding or deduction by presenting the relevant Note to another paying agent;

(7) to or on behalf of a holder or beneficial owner of a Note in respect of any taxes imposed under Sections 1471 through 1474 ("FATCA") of the Internal Revenue Code of 1986, as amended (the "Code"), any regulations or other guidance thereunder, any agreement (including any intergovernmental agreement) entered into in connection therewith, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement in respect of FATCA; or

(8) any combination of items (1) to (7) above;

nor will Additional Amounts be paid with respect to any payment of the principal, premium (if any) or interest on, any Notes to any holder or beneficial owner of a Note who is a fiduciary, or partnership, or limited liability company or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the relevant Tax Jurisdiction to be included in the income for tax purposes of a beneficiary, or settlor with respect to such fiduciary, or a member of such partnership or limited liability company or a beneficial owner who would not have been entitled to such Additional Amounts had it been the holder of such Notes.

In the event that Additional Amounts actually paid with respect to the Notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such Notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such Notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to the Company. However, by making such assignment, the holder makes no representation or warranty that the Company will be entitled to receive such claim for a refund or credit and incurs no other obligations with respect thereto.

In addition, the Company will pay and indemnify the holders against any British Virgin Islands value-added tax that is imposed on a payment of interest on the Notes, except to the extent that such British Virgin Islands value-added tax is payable as described in items (1) through (8) above.

All references in this offering memorandum to principal, premium (if any) or interest payable hereunder will be deemed to include references to any Additional Amounts payable with respect to such principal, premium (if any) or interest. Upon written request from the Trustee, the Applicable Payor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of any amounts deducted or withheld promptly upon the Applicable Payor's payment thereof, and copies of such documentation will be made available by the Trustee to holders upon written request to the Trustee.

The Company will pay promptly when due any present or future stamp, court or documentary taxes or any excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each Note or any other document or instrument referred to in the Indenture or such Note, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside the relevant Tax Jurisdiction; *provided* that such taxes, charges or levies resulting from, or required to be paid in connection with, the enforcement of such Note or any other such document or instrument after the occurrence and during the continuance of any Event of Default with respect to the Note in default shall be paid by the Company when due.

Optional Redemption

The Company may acquire Notes by means of the redemption provisions below or by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with the applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Optional Redemption upon Equity Offerings

At any time prior to April 1, 2021, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture (including any Additional Notes issued after the Issue Date) at a redemption price of 107.875% of the principal amount, plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more Equity Offerings of the Company; *provided* that:

(1) at least 65% of the aggregate principal amount of Notes originally issued under the Indenture (including any Additional Notes issued after the Issue Date) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 60 days of the date of the closing of such Equity Offering.

Optional Redemption with a Make-Whole Premium

At any time prior to April 1, 2021, the Company may also redeem the Notes (including any Additional Notes issued after the Issue Date) in whole at any time or in part from time to time, at its option, upon not less than 30 nor more than 60 days' prior notice delivered to each holder's registered address, at a "make-whole" redemption price equal to the greater of (A) 100% of the principal amount of such Notes and (B) the sum of the present value at such redemption date of (i) the redemption price of the Notes at April 1, 2021 (such redemption price being set forth in the table below under "—Optional Redemption Without a Make-Whole Premium") and (ii) all required interest payments on the notes through April 1, 2021 (excluding accrued but unpaid interest to the date of redemption), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points; plus, in each case, any accrued and unpaid interest and Additional Amounts, if any, on such Notes to the redemption date as calculated by the Independent Investment Banker.

Optional Redemption Without a Make-Whole Premium

On or after April 1, 2021, the Company may redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice delivered to each holder's registered address, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Year	Percentage
2021	103.938%
2022	101.969%
2023 and thereafter	100.000%

Optional Redemption for Changes in Taxes

The Company may redeem the Notes, in whole but not in part, at its discretion at any time at a redemption price equal to the principal amount thereof, together with accrued and unpaid interest to (but excluding) the date fixed by

the Company for redemption (a "Tax Redemption Date") if on the next date on which any amount would be payable in respect of the Notes:

(A) the Applicable Payor is or would be required to pay (after taking reasonable measures to avoid this requirement) Additional Amounts with respect to the Notes (or in the case of the Subsidiary Guarantors, the Note Guarantees) in excess of the Additional Amounts that it would pay if payment in respect of the Notes (or in the case of the Subsidiary Guarantors, the Note Guarantees) were subject to deduction or withholding at a rate in effect in its Tax Jurisdiction on the Issue Date, excluding any value-added taxes, determined without regard to any interest, fees, penalties or other additions to tax, as a result of any change in, expiration of or amendment to, the law of the relevant Tax Jurisdiction or any regulations or rulings promulgated thereunder, or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the relevant Tax Jurisdiction is a party, which change, expiration, amendment or treaty becomes effective on or after the Issue Date, and on or after such jurisdiction becomes a relevant Tax Jurisdiction, or in the case of any withholding taxes imposed by the jurisdiction of the paying agent after the date of appointment of such paying agent; or

(B) if Additional Amounts are payable in respect of value-added taxes or if payment of principal, premium (if any) or interest on the Notes is subject to value-added taxes and, in each case, the Company is not entitled to a tax credit with respect to such value-added taxes paid due to an action or event not attributable to the Company.

The Company will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Company or any Subsidiary Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes were then due. Prior to the publication or delivery of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee an Opinion of Counsel (which may be the Company's counsel) to the effect that there has been such change or amendment which would entitle the Company to redeem the Notes hereunder and the Company or the Subsidiary Guarantor cannot avoid any obligation to pay Additional Amounts by taking reasonable measures available.

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption by lot, subject to applicable DTC procedures unless otherwise required by law or applicable stock exchange requirements. If less than all of the Notes of any series are to be redeemed at any time, the Trustee shall select the Notes to be redeemed or purchased (1) if the Notes are listed on any national notes exchange, in compliance with the requirements of the principal national notes exchange on which the Notes are listed, (2) if the Notes are not so listed but are in global form, then by lot or otherwise in accordance with the procedures of DTC or the applicable depositary or (3) if the Notes are not so listed and are not in global form, then on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion shall deem fair and appropriate.

No Notes of US$200,000 or less can be redeemed in part. Notices of redemption will be delivered in accordance with DTC procedures at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to such Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of the Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless payment is not made on that date. Any redemption and notice thereof pursuant to the Indenture may, in the Company's discretion, be subject to the satisfaction of a financing or change of control condition precedent.

Repurchase of Notes upon a Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs, each holder of the Notes will have the right to require the Company to repurchase all or any part (equal to an integral multiple of US$1,000; *provided* that the remaining portion of such holder's Note will not be less than US$200,000) of that holder's Notes pursuant to an offer (the "Change of Control Offer") made by the Company on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer to purchase such holder's Notes at a purchase price in cash equal to 101% of the aggregate principal amount of such Notes to be repurchased plus accrued and unpaid interest on such Notes to be repurchased to the date of purchase subject to the rights of holders of such Notes on the relevant record date to receive interest due on the relevant interest payment date (the "Change of Control Payment"). Within 30 days following a Change of Control Repurchase Event, the Company will deliver, in accordance with DTC procedures, a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase the Notes on a date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures required by the Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

To the extent funded by the Company, the paying agent will promptly pay to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and deliver (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The Company will not be required to make a Change of Control Offer upon a Change of Control Repurchase Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

Other existing and future indebtedness of the Company and its Subsidiaries may contain prohibitions on the occurrence of events that would constitute a Change of Control Repurchase Event or require that indebtedness be repurchased upon a Change of Control Repurchase Event. In addition, the exercise by the holders of their right to require the Company to repurchase the Notes upon a Change of Control Repurchase Event may cause a default under such indebtedness even if the Change of Control Repurchase Event itself does not.

If a Change of Control Offer occurs, the Company may not have available funds sufficient to make the Change of Control Payment for all the Notes that might be delivered by holders of Notes seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations. However, there can be no assurance that the Company would be able to obtain

necessary financing. See "Risk Factors—Risks Relating to Our Debt and the Notes—The Issuer may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture."

Except as described above with respect to the Change of Control Offer, the Indenture does not contain provisions that permit the holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. Holders will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control. In addition, clause (1) of the definition of "Change of Control" includes the sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries. Although there is a limited body of case law interpreting the phrase "substantially all," there is no established definition of how this phrase is to be interpreted under applicable law. Accordingly, the application of this provision is uncertain.

Suspension of Covenants

From and after the first date following the Issue Date, or following the most recent Reversion Date (as defined below), that (i) the Notes have Investment Grade Ratings from at least two Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing under the Indenture (the "Suspension Date"), the Company and its Restricted Subsidiaries will not be subject to the following provisions of the Indenture as to the Notes:

(1) "—Certain Covenants—Limitation on Incurrence of Indebtedness";

(2) "—Certain Covenants—Limitation on Asset Sales";

(3) "—Certain Covenants—Limitation on Restricted Payments";

(4) "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) clause (4) of the first paragraph of "—Certain Covenants—Limitation on Merger, Consolidation or Sale of Assets";

(6) "—Certain Covenants—Limitation on Transactions with Affiliates";

(7) "—Certain Covenants—Business Activities"; and

(8) the second paragraph of "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries"; (collectively, the "Suspended Covenants").

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") the Notes have Investment Grade Ratings from fewer than two Rating Agencies, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the Suspension Date and the Reversion Date is referred to in this description as the "Suspension Period." Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

On the Reversion Date, all Indebtedness incurred during the Suspension Period will be classified to have been incurred or issued pursuant to the first paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness" below or one of the clauses set forth in the second paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness" below (to the extent such Indebtedness would be permitted to be incurred or issued thereunder as of the date of the incurrence and after giving effect to Indebtedness incurred or issued prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred or issued pursuant to the first or second paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (2) of the second paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "—Certain Covenants—Limitation on Restricted Payments" will be made as though the

covenant described under "—Certain Covenants—Limitation on Restricted Payments" had been in effect since the Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of "—Certain Covenants—Limitation on Restricted Payments."

Certain Covenants

For so long as any Note is outstanding (unless under a Suspension Period in the case of Suspended Covenants), the Company will, and to the extent specified below will cause its Restricted Subsidiaries to, comply with the terms of the following covenants:

Limitation on Incurrence of Indebtedness

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to (collectively, "incur") any Indebtedness (including Acquired Debt); *provided*, *however*, that the Company and the Subsidiary Guarantors may incur Indebtedness (including Acquired Debt) if :

(1) the Fixed Charge Coverage Ratio for the Company's most recently ended four fiscal quarters for which internal consolidated financial statements are available immediately preceding the date on which such additional Indebtedness is incurred is greater than at least 2.0 to 1.0; and

(2) the Net Debt to EBITDA Ratio for the Company's most recently ended four fiscal quarters for which internal consolidated financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been no greater than 3.75 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred at the beginning of such four fiscal quarters.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence of Indebtedness by the Company and its Restricted Subsidiaries pursuant to Credit Facilities; *provided* that the aggregate principal amount at any time outstanding does not exceed US$50 million (or the equivalent in other currencies) or 5% of the Company's Consolidated Net Tangible Assets;

(2) Existing Indebtedness;

(3) the incurrence on the Issue Date by the Company of Indebtedness represented by the Notes and the Indenture and any Note Guarantees thereof by the Subsidiary Guarantors;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, Attributable Indebtedness under Sale and Leaseback Transactions, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant or equipment used in the business of the Company or any of its Restricted Subsidiaries (whether through the direct purchase of assets or the Equity Interests of any Person owning such assets), in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of US$25 million or 2.5% of the Company's Consolidated Net Tangible Assets;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, redeem, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (15) of this paragraph;

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; provided, however, that:

(A) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Subsidiary Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Subsidiary Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company or to any other Restricted Subsidiary of shares of preferred stock; *provided*, *however*, that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; or

(B) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary,

in each case, will be deemed to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiaries of Hedging Obligations, including, without limitation, in respect of financing transactions permitted under the Indenture;

(9) the guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or a Restricted Subsidiary that was permitted to be incurred by another provision of this covenant (including any Note Guarantee); provided that if the Indebtedness being guaranteed is subordinated to the Notes or the Note Guarantees, then the Guarantee shall be subordinated to the same extent as the Indebtedness guaranteed;

(10) the incurrence of Indebtedness by the Company or any of its Restricted Subsidiaries in the form of letters of credit, banker's acceptances, performance bonds, completion guarantees, surety or appeal bonds and other similar bonds and reimbursement obligations incurred by the Company or any of its Restricted Subsidiaries in the ordinary course of their business securing the performance of contractual, regulatory or license obligations of the Company or any Restricted Subsidiary (in each case, other than for an obligation for borrowed money);

(11) the incurrence of Indebtedness by the Company or any of its Restricted Subsidiaries owed to any Person in connection with workers' compensation, self-insurance, health, disability or other employee benefits or property, casualty or liability insurance provided by such Person to the Company or such Restricted Subsidiary, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business;

(12) the incurrence by the Company or any of the Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) inadvertently drawn against insufficient funds, so long as such Indebtedness is extinguished within five Business Days of incurrence;

(13) the incurrence of Indebtedness by the Company or any of the Restricted Subsidiaries arising from agreements of the Company or any of the Restricted Subsidiaries providing for adjustment of purchase price or other similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Restricted Subsidiary; provided, however, that, in the case of a disposition, the maximum aggregate liability in respect of such Indebtedness shall at no time exceed the gross proceeds actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(14) Indebtedness incurred by the Company or any of the Restricted Subsidiaries in respect of letters of credit (and reimbursement obligations with respect thereto) issued in the ordinary course of business, including, without limitation, letters of credit to procure merchandise or relating to workers' compensation claims or self-insurance, or other Indebtedness relating to reimbursement-type obligations regarding workers' compensation claims;

(15) the incurrence by the Company or any of its Restricted Subsidiaries of (A) Indebtedness applied to finance the acquisition of a line of business or of a Person that becomes a Restricted Subsidiary or merges with or into the Company or a Restricted Subsidiary, and related fees and expenses, or (B) Acquired Debt; provided, however, in the case of (A) and (B), that immediately after giving effect to such transaction on a pro forma basis and any related financing transactions (including such incurrence) as if the same had occurred at the beginning of the applicable four fiscal quarters, (x) the Company would have been able to incur US$1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (15) or (y) the Fixed Charge Coverage Ratio would be greater than such ratio for the Company and its Restricted Subsidiaries immediately prior to such transaction and the Net Debt to EBITDA Ratio would be no worse than such ratio for the Company and its Restricted Subsidiaries immediately prior to such transaction;

(16) Guarantees permitted by clauses (8) or (19) of the definition of Permitted Investments;

(17) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness with a maturity less than 365 days and incurred in the ordinary course of business for working capital purposes;

(18) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness pursuant to any Receivables Transaction; and

(19) in addition to the items referred to in clauses (1) through (18) above, Indebtedness of the Company and its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause (19) and then outstanding, will not exceed the greater of US$100 million or 10% of the Company's Consolidated Net Tangible Assets at any time outstanding.

The Company will not incur, and will not permit any Subsidiary Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the Note Guarantee on substantially identical terms; *provided*, *however*, that no such Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

For purposes of determining compliance with this "Limitation on Incurrence of Indebtedness" covenant, in the event that an item of proposed Indebtedness (or any portion thereof) meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will be permitted to classify such item of Indebtedness (or any portion thereof) on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant and will only be required to include the amount and type of such Indebtedness in one of the above clauses. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms and the reclassification of preferred stock as Indebtedness due to a change in accounting principles will not be deemed to be an incurrence of Indebtedness for purposes of this covenant. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S.-dollar amount of Indebtedness denominated in a currency other than the U.S. dollar shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred or, in the case of revolving credit Indebtedness, on the date such Indebtedness was first committed. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate that is in effect on the date of such refinancing.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount or liquidation preference of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(A) the Fair Market Value of such assets at the date of determination; and

(B) the amount of the Indebtedness of the other Person.

Limitation on Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests sold, issued or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than Disqualified Stock or contingent liabilities and liabilities that are subordinate to the Notes or the Note Guarantees) that are assumed by the transferee of any such assets pursuant to a customary arrangement that releases the Company or such Restricted Subsidiary from further liability (in which case, the Company will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (1) of the paragraph below);

(B) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 120 days, to the extent of the cash or Cash Equivalents received in that conversion; and

(C) any stock or assets of the kind referred to in clauses (2) or (3) of the next paragraph of this covenant.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company and its Restricted Subsidiaries may apply such Net Proceeds at their option:

(1) to repay, prepay or purchase (A) Obligations of the Company or any Restricted Subsidiary under senior secured Indebtedness permitted to have been incurred under "—Certain Covenants—Limitation on Incurrence of Indebtedness" and "—Certain Covenants—Limitation on Liens," (B) Indebtedness of the Company or any Restricted Subsidiary that ranks *pari passu* with the Notes; *provided* that such Indebtedness has a final maturity date that is earlier than the final maturity date of the Notes, or (C) senior secured Indebtedness of a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor, in each case other than Indebtedness owed to the Company or an Affiliate of the Company;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, a Person engaged in a Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(3) to acquire other assets that are not classified as current assets under IFRS and that are used or useful in a Permitted Business; or

(4) any combination of items (1) through (3) of this paragraph.

In the case of clauses (2) and (3), the Company will have complied with its obligations if it enters into a binding commitment to acquire such assets or Capital Stock within 365 days after receipt of such Net Proceeds; *provided* that such binding commitment shall be subject only to customary conditions and that such acquisition is consummated before the later of (x) the date that is six months from the date of signing such binding commitment and (y) the end of such 365-day period.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second and third paragraphs of this covenant will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds US$25 million, within 30 days thereof, the Company will make an offer (the "Asset Sale Offer") to all holders of Notes and, at the Company's option if required by the terms of such other Indebtedness, to all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase (or, in respect of such other *pari passu* Indebtedness of the Company or the Subsidiary Guarantors, such lesser price, if any, as may be provided for by the terms of such *pari passu* Indebtedness) and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes will be selected by lot, subject to applicable DTC procedures, and the Company or its agent shall select such other *pari passu* Indebtedness to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero. The Company may satisfy its obligations under this covenant by making an Asset Sale Offer prior to the expiration of 365 days from the date of such Asset Sale or Asset Sales.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

Any future credit agreements or other agreements relating to Indebtedness to which the Company or a Subsidiary Guarantor becomes a party may contain restrictions and provisions prohibiting the Company or a Subsidiary Guarantor from purchasing any Notes or providing that certain change of control or asset sale events with respect to the Company or a Subsidiary Guarantor will constitute a default. In the event a Change of Control Repurchase Event or Asset Sale occurs at a time when the Company or a Subsidiary Guarantor is prohibited from purchasing the Notes, the Company or a Subsidiary Guarantor could seek the consent of parties to such agreements to purchase Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company or a Subsidiary Guarantor does not obtain such consents or repay such borrowings, the Company or a Subsidiary Guarantor will remain prohibited from purchasing the Notes. In such case, the Company or a Subsidiary Guarantor's failure to purchase tendered Notes would constitute an Event of Default under the Indenture, which would, in turn, likely constitute a default under such Indebtedness. On the other hand, certain corporate events may not constitute an Asset Sale, in which case the Company or a Subsidiary Guarantor, as the case may be, will not be required to repurchase your Notes.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests to the direct or indirect holders of such Equity Interests (other than (A) dividends, payments or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or (B) dividends, payments or distributions payable to the Company or a Restricted Subsidiary (and if such Restricted Subsidiary is not a wholly-owned Subsidiary, to its other holders of common Equity Interests on a pro rata basis));

(2) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company held by Persons other than the Company or a Restricted Subsidiary;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Indebtedness of the Company or any Restricted Subsidiary that is contractually subordinated to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries); or

(4) make any Investment (other than a Permitted Investment);

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless at the time of and after giving *pro forma* effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) the Company would have been permitted to incur at least US$1.00 of additional Indebtedness pursuant to both the Net Debt to EBITDA Ratio and the Fixed Charge Coverage Ratio tests set forth in the first paragraph of the covenant described above under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness"; and

(3) the aggregate amount of the proposed Restricted Payment and all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date up to the date thereof is less than the sum, without duplication of:

(A) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) beginning on the first day of the fiscal quarter during which the Issue Date occurs to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(B) 100% of the aggregate net cash proceeds or Fair Market Value of assets received by the Company subsequent to the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests (other than Disqualified Stock) of the Company or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or convertible or exchangeable debt securities) sold to a Subsidiary of the Company); *plus*

(C) to the extent that any Investment (other than a Permitted Investment) that was made under this clause (3) after the Issue Date is sold or otherwise liquidated or repaid (other than to the Company or a Restricted Subsidiary), the amount of cash received by the Company or any Restricted Subsidiary in respect of such sale, liquidation or disposition or the Fair Market Value of property to be used in the Permitted Business of the Company or any Restricted Subsidiary received by the Company or any Restricted Subsidiary in respect of such sale, liquidation or disposition (in each case, less the cost of disposition, liquidation or repayment, if any, paid or to be paid by the Company or any Restricted Subsidiary); *plus*

(D) to the extent that any Unrestricted Subsidiary designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged with or consolidated into the Company or a Restricted Subsidiary after the Issue Date, the lesser of (i) the Fair Market Value of the Company's Investment in such Subsidiary as of the date of such redesignation or merger or consolidation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Issue Date; *plus*

(E) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary or unconsolidated investee of the Company; *plus*

(F) the amount of cash received by the Company or a Restricted Subsidiary as repayment of loans which constitute Investments (other than Permitted Investments) made under this clause (3) after the Issue Date by the Company or a Restricted Subsidiary or the value of Guarantees made under this clause (3) after the Issue Date by the Company or a Restricted Subsidiary which constituted Investments (other than Permitted Investments) that have been released in full; *plus*

(G) US$10 million (or the equivalent in other currencies).

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) upon the occurrence of a Change of Control Repurchase Event and within 60 days after the completion of the offer to repurchase the Notes pursuant to the covenant described under "—Repurchase of Notes upon a Change of Control Repurchase Event" above, or within 60 days after the completion of the offer to repurchase the Notes pursuant to the covenant described under "—Certain Covenants—Limitation on Asset Sales", any purchase or redemption of Obligations subordinated to the Notes, required pursuant to the terms thereof as a result of such Change of Control Repurchase Event at a purchase or redemption price not to exceed 101% of the outstanding principal amount thereof or liquidation value thereof (in the case of a Change of Control Repurchase Event) or 100% of the outstanding principal amount thereof or liquidation value thereof (in the case of an offer to repurchase as a result of an Asset Sale), as the case may be, plus any accrued and unpaid interest; *provided*, *however*, that at the time of such purchase or redemption no Event of Default shall have occurred and be continuing (or would result therefrom);

(3) any purchase or redemption of Disqualified Stock of the Company or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, Disqualified Stock of the Company or a Restricted Subsidiary which is permitted to be incurred pursuant to the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness"; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(B) of the preceding paragraph;

(4) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(B) of the preceding paragraph;

(5) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Restricted Subsidiary that is contractually subordinated to the Notes or to any Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness which is incurred in compliance with the covenant "—Certain Covenants—Limitation on Incurrence of Indebtedness"; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(B) of the preceding paragraph;

(6) so long as no Default or Event of Default has occurred and is continuing, payments to fund the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement to compensate such officer, director or employee; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests (other than upon the death or disability of the relevant officer, director or employee) may not exceed US$5 million in any fiscal year (with unused amounts in any fiscal year being carried over to succeeding fiscal years subject to a maximum payment (without giving effect to the following provisions) of US$10 million in the aggregate in any fiscal year); *provided*, *further*, that such amount may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Company to current

or former members of management, directors, managers or consultants of the Company or any of its Subsidiaries that occurs after the Issue Date, to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the calculation of available Restricted Payments by virtue of clause (3)(B) of the preceding paragraph;

(7) the repurchase of Equity Interests deemed to occur upon the exercise of stock options, warrants or other convertible securities to the extent such Equity Interests represent a portion of the exercise price thereof; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment shall be excluded from clause (3)(B) of the preceding paragraph;

(8) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any Restricted Subsidiary issued on or after the Issue Date in accordance with both the Net Debt to EBITDA Ratio and the Fixed Charge Coverage Ratio tests described above under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness";

(9) any purchase or redemption of Obligations subordinated to the Notes from Net Proceeds upon completion of an Asset Sale Offer; *provided* that the purchase price is not greater than 100% of the principal amount thereof or liquidation value thereof, as the case may be, in accordance with provisions similar to "—Certain Covenants—Limitation on Asset Sales" thereto; *provided*, *further*, that prior to such purchase or redemption, the Company has made the Asset Sale Offer as provided under "—Certain Covenants—Limitation on Asset Sales" and has completed the repurchase or redemption of all Notes validly tendered for payment in connection with the Asset Sale Offer; and

(10) so long as no Event of Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an amount not to exceed US$25 million in the aggregate since the Issue Date.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend), (2), (6) and (8) above shall be included in such calculation and amounts expended pursuant to clauses (3), (4), (5), (7), (9) and (10) above shall not be included in such calculation.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the exceptions described in clauses (1) through (10) above or is entitled to be made pursuant to the first paragraph of this covenant, the Company shall be permitted, in its sole discretion to classify such Restricted Payment on the date that such Restricted Payment is made, or later reclassify all or a portion of such Restricted Payment, in any manner that complies with this covenant, and such Restricted Payment shall be treated as having been made pursuant to only one of such clauses of this covenant.

Limitation on Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien (other than Permitted Liens) of any kind on any asset (including Capital Stock of Restricted Subsidiaries) now owned or hereafter acquired to secure Indebtedness, unless contemporaneously with the incurrence of such Liens effective provision is made to secure the Indebtedness due under the Indenture and the Notes or, in respect of Liens on any Restricted Subsidiary's property or assets, any Note Guarantee of such Restricted Subsidiary, equally and ratably with (or prior to in the case of Liens with respect to Obligations subordinate to the Notes and any Note Guarantees, as the case may be) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness, any other agreements as in effect on the Issue Date and any amendments, restatements, modifications, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; provided that the amendments, restatements, modifications, renewals, increases, supplements, refundings, replacements or refinancings are, taken as a whole, in the good-faith judgment of the Company, no less favorable in any material respect to the holders of the Notes than the dividend and other payment restrictions contained in those agreements on the Issue Date;

(2) the Indenture, the Notes and, if applicable, the Note Guarantees;

(3) applicable law, rule, regulation or order;

(4) any instrument governing Indebtedness or Capital Stock of (A) a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition or as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company), or (B) with respect to any Unrestricted Subsidiary at the time it is designated or deemed to become a Restricted Subsidiary; provided in both cases that such encumbrances or restrictions are not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired or designated; provided, further, that in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(5) in the case of clause (3) in the preceding paragraph, customary non-assignment provisions in contracts and licenses entered into in the ordinary course of business;

(6) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations permitted under the Indenture that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(7) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending the sale or other disposition;

(8) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not, in the good-faith judgment of the Company, materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(9) restrictions contained in security agreements, pledges or mortgages securing Indebtedness of the Company or a Restricted Subsidiary permitted to be incurred under the Indenture so long as the restrictions solely restrict the transfer of the property governed by the security agreements, pledges or mortgages;

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—Certain Covenants—Limitation on Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) (A) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale and leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of the Board of Directors of the Company, which limitation is applicable

only to the assets that are the subject of such agreements, and (B) restrictions contained in any agreement governing Indebtedness incurred in compliance with the covenant "—Certain Covenants—Limitation on Incurrence of Indebtedness" by any Restricted Subsidiary that is a bona fide joint venture engaging in a Permitted Business, of which at least 30% of the common Equity Interests of such Restricted Subsidiary is owned by a non-affiliated third party; provided that such Indebtedness is for the purpose of enabling such Restricted Subsidiary to finance projects or for working capital purposes;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(13) restrictions customarily granted in connection with securitization, factoring or discounting involving receivables that are imposed in connection with a Receivables Transaction; and

(14) provisions in instruments governing other Indebtedness, Disqualified Stock or preferred stock of Restricted Subsidiaries permitted to be incurred after the Issue Date pursuant to the provisions of the covenant "—Certain Covenants—Limitation on Incurrence of Indebtedness"; provided that (i) such provisions are customary for instruments of such type (as determined in good faith by the Company's Board of Directors) and (ii) the Company's Board of Directors determines in good faith that such restrictions will not materially adversely affect the ability of the Company to make required principal and interest payments on the Notes.

Limitation on Merger, Consolidation or Sale of Assets

The Company will not, directly or indirectly: (A) consolidate or merge with or into another Person (whether or not the Company is the surviving Person); or (B) sell, lease, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (A) the Company is the surviving Person; or (B) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made (the "Successor Company") is a Person organized or existing under the laws of the British Virgin Islands, Panama, the United States, any state of the United States or the District of Columbia or any other country that is a member country of the European Union;

(2) the Successor Company, if applicable, assumes by supplemental indenture all the obligations of the Company under the Notes and the Indenture and, in the case of a consolidation or merger of the Company, the Successor Company agrees to modify the provisions under "Additional Amounts" so that Tax Jurisdiction will be defined to include any jurisdiction in which such Person is resident for tax purposes;

(3) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Company, the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been incurred by the Company, the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(4) immediately after giving effect to such transaction on a pro forma basis and any related financing transactions as if the same had occurred at the beginning of the applicable four fiscal quarters, either:

(A) the Company or the Successor Company would, on the date of such transaction, be permitted to incur at least US$1.00 of additional Indebtedness pursuant to both the Net Debt to EBITDA Ratio and the Fixed Charge Coverage Ratio tests set forth in the first paragraph of the covenant described above under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness"; or

(B) (i) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would be greater than such ratio for the Company and its Restricted Subsidiaries immediately prior to such transaction, and (ii) the Net Debt to EBITDA Ratio for the Successor Company and its Restricted Subsidiaries would be no worse than such ratio for the Company and its Restricted Subsidiaries immediately prior to such transaction;

(5) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture; and

(6) in the case of a consolidation or merger of the Company, each Subsidiary Guarantor (unless it is the other party to the transactions above, in which case clause (1) of this paragraph shall apply), if any, shall have by supplemental indenture confirmed that its Note Guarantee shall apply to such Person's obligations in respect of the Indenture and the Notes.

This "Limitation on Merger, Consolidation or Sale of Assets" covenant will not apply to (i) any consolidation or merger of a Restricted Subsidiary into the Company, any Subsidiary Guarantor or any other Restricted Subsidiary; or (ii) any sale, assignment, transfer, conveyance, lease or other disposition of assets from a Restricted Subsidiary to the Company, a Subsidiary Guarantor or any other Restricted Subsidiary. The provisions of clauses (3) and (4) above will not apply to any merger or consolidation of the Company into an Affiliate of the Company incorporated solely for the purpose of reincorporating the Company in another jurisdiction so long as the Indebtedness of the Company and its Restricted Subsidiaries taken as a whole is not increased thereby.

Furthermore, and for the avoidance of doubt, this "Limitation on Merger, Consolidation or Sale of Assets" covenant will not apply to a change of domicile (or a reincorporation) of the Company to Panama if there is no merger or consolidation of the Company into an Affiliate of the Company or into any other Company in connection with any such change of domicile (or reincorporation).

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company in accordance with this covenant, in which the Company is not the continuing Person, the Successor Company formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes with the same effect as if such Successor Company had been named as such and the Company shall be relieved of its obligations under the Indenture and the Notes. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Successor Company, if applicable) under "— Repurchase of Notes upon a Change of Control Repurchase Event," if applicable.

Limitation on Transactions with Affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with a Person who is not an Affiliate;

(2) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$5 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be set forth in an Officers' Certificate delivered to the Trustee stating that such transaction complies with clause (1) above;

(3) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$15 million (or the equivalent in other currencies), the Company delivers to the Trustee a resolution of the Board of Directors of the Company or of the relevant Restricted Subsidiary, as the case may be, set forth in an Officers' Certificate certifying such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested

members of the Board of Directors of the Company or of the relevant Restricted Subsidiary, as the case may be; and

(4) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value in excess of US$25 million (or the equivalent in other currencies), the Company shall, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such Affiliate Transaction to the Company or such Restricted Subsidiary from a financial point of view from an accounting, appraisal or investment banking firm of recognized standing.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) transactions pursuant to any employment agreement, employee benefit plan, stock options, stock ownership plan, officer or director indemnification agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries provided on behalf of directors, officers and employees in the ordinary course of business, and, in each case, payments (including grants of securities, stock options and similar rights) pursuant thereto, as determined in good faith by the Board of Directors of the Company;

(2) transactions between or among the Company and the Restricted Subsidiaries and Guarantees issued by the Company or a Restricted Subsidiary for the benefit of the Company or a Restricted Subsidiary, as the case may be, in accordance with "—Certain Covenants—Limitation on Incurrence of Indebtedness";

(3) payment of reasonable and customary directors' fees of the Company and any Restricted Subsidiary;

(4) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of such Person;

(5) Restricted Payments or Permitted Investments that do not violate the provisions of the Indenture described above under the caption "—Certain Covenants—Limitation on Restricted Payments";

(6) transactions pursuant to any contract, agreement or arrangement with the Company or any of the Restricted Subsidiaries, in each case in effect on the Issue Date, as the same may be amended, modified or replaced from time to time so long as any such amendment, modification or replacement is not less favorable in any material respect to the Company and the Restricted Subsidiaries than the original agreement as in effect on the Issue Date, except for any extension of the time period thereof;

(7) any Receivables Transactions between or among (i) the Company or any of its Restricted Subsidiaries and (ii) Sociedad de Ahorro y Crédito Credicomer, S.A. or other similar entity that is an Affiliate of the Company engaged in the same line of business in any country in which the Company or any of its Restricted Subsidiaries operates;

(8) transactions with customers, clients, distributors, lessors, suppliers or purchasers or sellers of goods or services, in each case, in the ordinary course of business and on market terms;

(9) any Note Guarantees;

(10) Sale and Leaseback Transactions permitted under clause (9) of the definition of Asset Sale; and

(11) loans or advances to employees, directors, officers or consultants (i) in the ordinary course of business or (ii) otherwise not to exceed US$2.5 million in the aggregate at any one time outstanding with respect to all loans or advances made since the Issue Date.

Business Activities

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses.

Maintenance of Priority

The Company shall ensure that its payment obligations with respect to the Notes will constitute its direct, unconditional and general senior unsecured obligations and will rank senior or *pari passu* (except for Indebtedness that is subordinated in right of payment to the Notes) in priority of payment and in all other respects (other than security) with respect to its future Indebtedness, except for obligations that are granted preferential treatment pursuant to the laws of the British Virgin Islands, such as tax and labor claims.

Each Subsidiary Guarantor shall ensure that its payment obligations with respect to its Note Guarantee will constitute its direct, unconditional and general senior unsecured obligations and will rank senior or *pari passu* (except for Indebtedness that is subordinated in right of payment to its Note Guarantee) in priority of payment and in all other respects (other than security) with respect to its future Indebtedness, except for obligations that are granted preferential treatment pursuant to applicable laws, such as tax and labor claims.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date, and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness," the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (A) such Indebtedness is permitted under the covenant described under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness," calculated on a pro forma basis as if such designation had occurred at the beginning of the four fiscal quarters; and (B) no Default or Event of Default would be in existence and be continuing following such designation. Any designation of an Unrestricted Subsidiary as a Restricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions.

Reports

So long as the Notes are outstanding, the Company will provide to the Trustee, and upon written request therefore to the holders of Notes and prospective holders of Notes (in respect of clause (iii)):

(i) as soon as available after the end of each fiscal year (and in any event, within 120 days after the close of such fiscal year) annual audited consolidated financial statements for the Company and its subsidiaries in English prepared in accordance with IFRS (containing a balance sheet and statements of income, retained earnings and cash flows, and notes thereto, as of the end of and for such fiscal year and the immediately

preceding fiscal year with a report thereon by an internationally recognized outside firm of certified public accountants);

(ii) interim unaudited quarterly consolidated financial statements for the Company and its subsidiaries in English prepared in accordance with IFRS (containing a consolidated balance sheet and consolidated statements of income, retained earnings and cash flows, and notes thereto, as of the end of and for the interim period covered thereby and the comparable interim period in the immediately preceding fiscal year) for the first three fiscal quarters of each of the fiscal years of the Company, as soon as available (and in any event within 60 days after the close of each fiscal quarter); and

(iii) upon request by holders of Notes or prospective holders of Notes, information meeting the applicable requirements of Rule 144A(d)(4) of the Securities Act (which information need not be delivered to the Trustee so long as such information is provided to the holder of Notes or prospective holders of Notes).

Events of Default and Remedies

Each of the following is an "Event of Default":

(1) default for 30 days or more in the payment when due of interest or Additional Amounts on any Note;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on any Note, including the failure to purchase Notes of pursuant to a Change of Control Offer or an Asset Sale Offer as required by the provisions described under the captions "—Repurchase of the Notes upon a Change of Control Repurchase Event" and "—Certain Covenants—Limitation on Asset Sales";

(3) failure by the Company or its Restricted Subsidiaries to comply with the provisions described under "—Certain Covenants—Limitation on Merger, Consolidation or Sale of Assets";

(4) failure by the Company or any of its Restricted Subsidiaries for 60 days to comply with any agreements or covenants in the Indenture (other than as described under clauses (1), (2) and (3) above, which are covered by such clauses) after notice by the Trustee or the holders of 25% or more in principal amount of the outstanding Notes;

(5) default in respect of any Indebtedness of the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness now exists, or is created after the Issue Date, if that default:

(A) is caused by a failure to pay principal, premium (if any) or interest on such Indebtedness when due, in each case after the expiration of any applicable grace period (a "Payment Default"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US$25 million or more;

(6) failure by the Company or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of US$25 million (net of any amounts covered by insurance), which final judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by the Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any of the Company, a Subsidiary Guarantor, or any Person acting on behalf of the Company or a Subsidiary Guarantor, denies or disaffirms its obligations under its Note Guarantee; or

(8) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that are Significant Subsidiaries or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising and continuing from certain events of bankruptcy or insolvency, with respect to the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Subject to certain limitations, including provision to the Trustee of indemnity or security satisfactory to it, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of such Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, premium (if any) or interest.

In the event of any Event of Default specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of the Notes, if within 45 days after such Event of Default arose, the Company delivers an Officers' Certificate to the Trustee stating that the holders of such Indebtedness have annulled, rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; *provided* that (i) none of the Company or any Restricted Subsidiary made or agreed to make any payment or provide any other consideration in exchange for such annulment, rescission or waiver; and (ii) the annulment, rescission or waiver of any acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due on or after the respective due dates expressed in the Note, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have made written request to the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal, premium (if any) or interest on the Notes.

The Company is required to deliver to the Trustee annually, within 120 days of the end of each fiscal year, a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, the Company is required to deliver to the Trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, stockholder, member or partner of the Company or any Subsidiary Guarantor, as such, will have any liability for any obligations of the Company or any Subsidiary Guarantor under the Notes, the Indenture or the Note Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The

waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the United States federal securities laws.

Listing

The Company intends to apply to list the Notes on the Singapore Exchange Securities Trading Limited, or the Singapore Stock Exchange, and to trade the Notes on the Singapore Stock Exchange in a minimum board lot size of US$200,000. The Company will use commercially reasonable efforts to obtain and maintain listing of the Notes on the Singapore Stock Exchange; however, the Notes are not yet listed, and the Company cannot assure the holders of the Notes that they will be accepted for listing or that the listing will be maintained.

Legal Defeasance and Covenant Defeasance

The Company may at its option and at any time elect to have all of the obligations of the Company discharged with respect to the outstanding Notes and the Indenture and all obligations of the Company and the Subsidiary Guarantors discharged with respect to their Note Guarantees and the Indenture ("Legal Defeasance"). Legal Defeasance means that the Company and the Subsidiary Guarantors will be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes on the 91st day after the deposit specified in clause (1) of the second following paragraph except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal, premium (if any) or interest on such Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, registrar, paying agent, transfer agent and any other agent appointed by the Company in the Indenture and the Company's and the Subsidiary Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance (as defined below) provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and the Subsidiary Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("Covenant Defeasance"), and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (other than non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "—Events of Default and Remedies" will no longer constitute an Event of Default with respect to such Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable Government Securities or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal, premium (if any) or interest on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance

and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from any failure to comply with "—Certain Covenants—Limitation on Incurrence of Indebtedness" as a result of the borrowing of the funds required to effect such deposit);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(7) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with, such opinion to be subject to customary assumptions and exceptions.

Amendment, Supplement and Waiver

Except as provided in the next two paragraphs, the Indenture, the Notes or the Note Guarantees may be amended or supplemented with the consent (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (excluding any Notes held by the Company or any of its Affiliates), and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes or the Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes).

Without the consent of each holder of Notes affected, an amendment, supplement or waiver may not:

(1) reduce the percentage of the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the captions "—Repurchase of Notes upon a Change of Control Repurchase Event" and "—Certain Covenants—Limitation on Asset Sales" but only before the Change of Control Repurchase Event has occurred or the obligation to make an Asset Sale Offer has arisen, as applicable);

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Notes;

(4) waive a Default or Event of Default in the payment of principal, premium (if any) or interest on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the Notes then outstanding and a waiver of the payment default that resulted from such acceleration);

(5) make any Notes payable in money other than that stated in the Notes;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the contractual rights of holders of the Notes to receive payments of principal, premium (if any) or interest on the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the captions "—Repurchase of Notes upon a Change of Control Repurchase Event" and "—Certain Covenants—Limitation on Asset Sales");

(8) amend, change or modify the obligation of the Company to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with the covenant described under the caption "—Certain Covenants—Limitation on Asset Sales" after the obligation to make such Asset Sale Offer has arisen; or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control Repurchase Event in accordance with the covenant described under the caption "—Repurchase of Notes upon a Change of Control Repurchase Event" after such Change of Control Repurchase Event has occurred, including, in each case, amending, changing or modifying any definition relating thereto;

(9) reduce any premium and Additional Amounts with respect to any Note; or

(10) release any Subsidiary Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture.

Notwithstanding the preceding, without the consent of any holder of the Notes, the Company, the Trustee and, if applicable, the Subsidiary Guarantors may amend or supplement the Indenture, the Notes or any Note Guarantees:

(1) to cure any ambiguity, defect or inconsistency in a manner that is not materially adverse to the interests of the holders of the Notes;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes; *provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code;

(3) to provide for the assumption of the Company or a Subsidiary Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Subsidiary Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder;

(5) to conform the text of the Indenture, the Note Guarantees or the Notes to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended by the Company and the initial purchasers to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, or the Notes as represented by the Company to the Trustee in an Officers' Certificate;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(7) to allow any Subsidiary Guarantor to execute a supplemental Indenture with respect to a Note Guarantee and/or a Note Guarantee with respect to the Notes;

(8) to comply with clause (1) of the first paragraph of the covenant described under the caption "—Certain Covenants—Limitation on Merger, Consolidation or Sale of Assets" or to change the name of the Company;

(9) to comply with clause (2) of the first paragraph of the covenant described under the caption "—Certain Covenants—Limitation on Merger, Consolidation or Sale of Assets" to modify the provisions under "Additional Amounts" in the scenarios described in such clause;

(10) to secure the Notes;

(11) to evidence the replacement of the Trustee as provided for under the Indenture; or

(12) if necessary, in connection with any release of any security permitted under the Indenture.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (other than those provisions that by their terms survive) as to all Notes issued thereunder, when:

(1) either:

(A) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(B) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the delivery of a notice of redemption or otherwise or will become due and payable within one year, and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium
(if any) and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit), and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(3) the Company or any Subsidiary Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Paying Agent and Registrar for the Notes

The Trustee will initially act as paying agent and registrar. The Company may change the paying agent or registrar without prior notice to the holders of the Notes; provided that (i) while Notes are outstanding, the Company will maintain a paying agent and registrar in the Borough of Manhattan, The City of New York, State of New York and (ii) as long as the Notes are listed on the Singapore Stock Exchange for trading on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, at least one paying agent in Singapore will be appointed and maintained where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note is exchanged for individual definitive Notes.

Governing Law; Consent to Service

The Indenture and the Notes will be governed by the law of the State of New York without giving effect to the conflict of laws provision thereof.

The Company and each holder of Notes irrevocably and unconditionally (a) agrees that any suit, action or legal proceeding arising out of or relating to the Indenture and each Note that is brought by the Company or such holder must be brought by the Company or such holder in any New York State Court or Federal Court of the United States of America sitting in New York County; (b) consents to the jurisdiction of such court in any suit, action or proceeding; (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on the Company or such holder

by mail, as provided in the Indenture, or in such manner as may be provided under applicable laws or court rules in the State of New York.

Concerning the Trustee

The Bank of New York Mellon is Trustee under the Indenture.

The Trustee shall hold funds related to the Notes uninvested without liability for interest, unless otherwise agreed in writing. The Trustee shall not be liable for any tax withholding obligations it may have and we will comply upon request with all information required for such withholding obligations.

In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice or for any errors in judgment made in good faith.

The Trustee shall act at the instruction or other directions of any person upon which the Trustee is authorized to rely pursuant to the terms of the Indenture, and shall not be liable for such actions, except to the extent caused by the Trustee as a result of the gross negligence or willful misconduct of the Trustee.

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations under the Indenture arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

To secure the Company's payment obligations, the Trustee has a lien senior to the Notes on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Notes.

If the Trustee becomes a creditor of the Company or any Subsidiary Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if, following an Event of Default, it acquires any conflicting interest, it must either eliminate such conflict within 90 days or resign.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions including provision of indemnity or security satisfactory to the Trustee. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in its role as Trustee only and in the exercise of its power, to use the degree of care of a prudent person in the conduct of its own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Notices

As long as the Company issues notes in global form, notices to be given to holders will be given to DTC, in accordance with its applicable policies as in effect from time to time. If the Company issues notes in certificated form, notices, including upon the occurrence of a Change of Control Repurchase Event, to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the Trustee's records, and will be deemed given when mailed.

Additional Information

Registered holders of the Notes may obtain a copy of the Indenture without charge at the sole expense of the Company by writing to the Trustee.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"***Acquired Debt***" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged or consolidated with or into or became a Subsidiary of such specified Person; *provided* that the Indebtedness is not incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; *provided*, *further*, that Indebtedness of such Person that is redeemed, defeased, retired or otherwise repaid at the time, or immediately upon consummation, of the transaction by which such other Person is merged with or into or became a Restricted Subsidiary of such Person shall not be Acquired Debt; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person; *provided* that the Indebtedness is not incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; *provided*, *further*, that the amount of such Indebtedness shall be deemed to be the lesser of the value of such asset and the amount of the obligation so secured.

"***Affiliate***" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"***Asset Sale***" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights (other than Capital Stock); *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase of Notes upon a Change of Control Repurchase Event" and/or the provisions described above under the caption "—Certain Covenants—Limitation on Merger, Consolidation or Sale of Assets" and not by the provisions of the covenants described under the caption "—Certain Covenants—Limitation on Asset Sales"; and

(2) the issuance or sale of Equity Interests in any of the Company's Restricted Subsidiaries, in each case, other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than US$10 million;

(2) a transfer of assets between or among a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary (including to a Person that becomes a Restricted Subsidiary upon such transfer);

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to a Restricted Subsidiary;

(4) the sale, lease, conveyance or other disposition of products, inventory, services or accounts receivable in the ordinary course of business and any sale or other disposition of damaged, worn-out, uneconomical, surplus or obsolete assets in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents in the ordinary course of business;

(6) a sale or other disposition of accounts receivable in connection with a Receivables Transaction for Fair Market Value thereof;

(7) a Restricted Payment that does not violate the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments" or a Permitted Investment;

(8) the creation of a Permitted Lien and dispositions in connection with such Permitted Lien; and

(9) Sale and Leaseback Transactions with any Affiliate of the Company in an aggregate principal amount of less than US$25 million.

"***Attributable Indebtedness***" in respect of a Sale and Leaseback Transaction means, as of the time of determination, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for such lease has been extended).

"***Beneficial Owner***" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act.

"***Board of Directors***" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"***Business Day***" means a day, other than a Saturday or a Sunday, on which commercial banks are not required or authorized to close in New York City.

"***Capital Lease Obligation***" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board in effect as of the Issue Date, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"***Capital Stock***" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"***Cash Equivalents***" means:

(1) U.S. dollars, or money in the local currency of any country in which the Company or any of its Restricted Subsidiaries operates;

(2) securities issued or directly and fully guaranteed or insured by the United States government, the European Union Central Bank, the European Union, countries with sovereign credit ratings of A or better, the British Virgin Islands or countries with sovereign credit ratings of BBB– or better or any agency or instrumentality of any such government (provided that the full faith and credit of any such government is pledged in support of those securities) having maturities of not more than one year from the date of acquisition;

(3) time deposit accounts, checking accounts, passbook accounts, specified money trust accounts, certificates of deposit, money market deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any commercial bank organized under the laws of the United States or any state or territory thereof (or any foreign branch of the foregoing) or any country recognized by the United States, in each case having capital and surplus in excess of US$500 million (or the local affiliate of a commercial bank meeting such qualifications in any country where the Company has operations), or with a government-owned financial institution that is organized under the laws of any of the countries in which the Restricted Subsidiaries conduct business;

(4) commercial paper having a rating of at least F-1 from Fitch, at least P-1 from Moody's, or at least A-1 from S&P, or a comparable rating by a comparable rating agency in the relevant jurisdiction if a Moody's, S&P or Fitch rating is unavailable and, in each case, maturing within one year after the date of acquisition;

(5) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (2) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(6) insured demand deposits made in the ordinary course of business and consistent with the Company's or its Subsidiaries' customary cash management policy in any domestic office of any commercial bank organized under the laws of the United States or any state thereof;

(7) substantially similar investments denominated in the currency of any jurisdiction in which the Company or any of its Restricted Subsidiaries conducts business of issuers whose country's credit rating is at least "BBB-" (or the then equivalent grade) by S&P and the equivalent rating by Moody's and/or Fitch; and

(8) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (7) of this definition.

"***Change of Control***" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successor provisions to either of the foregoing), unless (A) such sale, lease, transfer, conveyance or other disposition is made to a Permitted Holder or (B) holders of a majority of the aggregate voting power of the Voting Stock of the Company and its Restricted Subsidiaries, immediately prior to such transaction, hold securities of the surviving or transferee "person" or "group" that represent, immediately after such transaction, at least a majority of the aggregate voting power of the Voting Stock of the surviving "person" or "group";

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) if any "person" or "group" (as defined above) (other than a Permitted Holder) becomes the Beneficial Owner, directly or indirectly, of 50% or more of the Voting Stock of the Company, measured by voting power rather than number of shares.

"***Change of Control Repurchase Event***" means the occurrence of both a Change of Control and a Rating Downgrade Event.

"***Common Stock***" means with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or nonvoting) of such Person's common stock whether or not outstanding on the Issue Date and includes, without limitation, all series and classes of such common stock.

"***Comparable Treasury Issue***" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of April 1, 2021.

"***Comparable Treasury Price***" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"***Consolidated Assets***" means with respect to the Company and its Restricted Subsidiaries, as of any date of determination, the total consolidated assets of the Company and its Restricted Subsidiaries as set forth on the consolidated balance sheet of the Company pursuant to IFRS as of the most recent fiscal quarter.

"***Consolidated EBITDA***" means, for any period, the amount equal to the sum of Consolidated Net Income for such period plus, to the extent deducted in calculating such Consolidated Net Income:

(1) consolidated financial expenses for such period;

(2) consolidated income taxes for such period;

(3) consolidated depreciation and amortization for such period;

(4) consolidated minority interests for such period;

(5) any non-operating and/or non-recurring charges, expenses or losses for such period; and

(6) any non-cash charges of the Company and its consolidated Subsidiaries (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period).

Notwithstanding the preceding, any expenses, taxes, depreciation and amortization and charges or reserves of any Person (other than the Company) will be added to Consolidated Net Income to compute Consolidated EBITDA only (i) to the extent (and in the proportion) that the net income (loss) of such Person was included in calculating Consolidated Net Income in such period and (ii) to the extent that such amounts are in excess of those necessary to effect a net loss of such Person (to the extent such Person is a Restricted Subsidiary), only if a corresponding amount would be permitted to be dividended to the Company.

"***Consolidated Net Income***" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS (without duplication); *provided* that:

(1) the Net Income (loss) of (A) any unconsolidated Affiliate of such Person (including any Person accounted for by the equity method of accounting) and (B) any Unrestricted Subsidiary, shall be included only to the extent of the amount of dividends or similar distributions paid in cash to such Person or a Restricted Subsidiary of such Person, except that, for purposes of calculating Consolidated Net Income pursuant to clause (3)(A) of "—Certain Covenants—Limitation on Restricted Payments," any such dividend or distribution shall be excluded from this definition to the extent included under clause (3)(E) of "—Certain Covenants—Limitation on Restricted Payments;

(2) the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, except to the extent that any dividend or similar distribution is actually and lawfully made and not

otherwise included in Consolidated Net Income of such Person; *provided* that the Net Income of any Restricted Subsidiary that is subject to governmental statute, rule or regulation-based restrictions described in this clause (2) or to a restriction permitted by clause (11)(B) of the covenant "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Subsidiaries" will not be excluded under this clause (2), in each case solely to the extent that this definition is used to calculate "Consolidated EBITDA" for purposes of (i) incurring Indebtedness or issuing preferred stock pursuant to the first paragraph of "—Certain Covenants —Limitation on Incurrence of Indebtedness" or (ii) calculating the Net Debt to EBITDA Ratio for the Company under clause 4(A) or 4(B), as the case may be, of the covenant "—Certain Covenants—Limitation on Merger, Consolidation or Sale of Assets";

(3) any gain (loss) realized upon the sale or other disposition of any asset, including any property, plant or equipment, securities or Capital Stock of any Person, of the Company or its Restricted Subsidiaries, which is not sold or otherwise disposed of in the ordinary course of business will be excluded;

(4) any transaction gains and losses due to fluctuations in currency values and the related tax effect will be excluded;

(5) any after-tax extraordinary gains or losses will be excluded;

(6) any after-tax gains or losses attributable to the early extinguishment of Indebtedness will be excluded;

(7) non-cash compensation charges will be excluded;

(8) any non-cash impairment charges relating to goodwill and other intangibles and long lived assets including property, plant and equipment will be excluded;

(9) any net gain or loss (after any offset) resulting in such period from Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes; provided that the net effect on income or loss (including in any prior periods) will be included upon any termination or early extinguishment of such Hedging Obligations, other than any Hedging Obligations with respect to Indebtedness (that is not itself a Hedging Obligation) and that are extinguished concurrently with the termination or other prepayment of such Indebtedness; and

(10) the cumulative effect of changes in accounting principles.

"***Consolidated Net Tangible Assets***" means the Consolidated Assets of the Company and its Restricted Subsidiaries less goodwill and intangibles, in each case calculated in accordance with IFRS, less all current liabilities of the Company and its Restricted Subsidiaries after eliminating (1) all intercompany items between the Company and any Restricted Subsidiary or between Restricted Subsidiaries and (2) all current maturities of long-term Indebtedness; *provided* that in the event that the Company or any of its Restricted Subsidiaries assumes liabilities or acquires any assets in connection with the acquisition by the Company or any of its Restricted Subsidiaries of another Person subsequent to the commencement of the period for which the Consolidated Net Tangible Assets is being calculated but prior to the event for which the calculation of the Consolidated Net Tangible Assets is made, then the Consolidated Net Tangible Assets shall be calculated giving *pro forma* effect to such assumption of liabilities or acquisition of assets, as if the same had occurred at the beginning of the applicable period.

"***Credit Facilities***" means one or more debt facilities, commercial paper facilities, structured note certificates or other similar instruments, in each case with banks, investment banks, insurance companies, mutual funds and/or other institutional lenders or institutional investors, in each case providing for revolving credit loans, term loans, letters of credit or bankers' acceptances, and in each case, as amended, extended, renewed, restated, refinanced, supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time.

"***Default***" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"***Disqualified Stock***" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon

the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the earlier of the date on which the Notes mature or on which the Notes are no longer outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale (each defined in a substantially identical manner to the corresponding definitions in the Indenture) will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenants described above under the caption "—Repurchase of Notes upon a Change of Control Repurchase Event" and "—Certain Covenants—Limitation on Asset Sales" and such repurchase or redemption complies with "—Certain Covenants—Limitation on Restricted Payments." The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the Indenture will be the maximum amount that the Company and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"***Equity Interests***" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"***Equity Offering***" means the issuance and sale for cash of Common Stock (other than Disqualified Stock) of the Company or any of its direct or indirect parents to any Person (other than a Restricted Subsidiary) pursuant to (A) a public offering in accordance with applicable laws, rules and regulations or (B) a private offering in accordance with Rule 144A, Regulation S and/or another exemption under the Securities Act.

"***Existing Indebtedness***" means the Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date until such amounts are permanently repaid.

"***Fair Market Value***" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; *provided*, that the Fair Market Value of any such asset or assets will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a resolution of the Board of Directors.

"***Fitch***" means Fitch Ratings Ltd. and its Affiliates or any successors thereof.

"***Fixed Charge Coverage Ratio***" means with respect to any specified Person and its Restricted Subsidiaries, the ratio of the Consolidated EBITDA of such Person and its Restricted Subsidiaries for the period of the most recent four fiscal quarters ending prior to the determination for which financial statements are in existence to the Fixed Charges of such Person and its Restricted Subsidiaries for such four fiscal quarters. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four fiscal quarters, the amount of Fixed Charges shall be computed based upon the actual outstanding amount of such Indebtedness over the applicable four fiscal quarters.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions or dispositions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases or decreases in ownership of Restricted Subsidiaries, during the four fiscal quarters or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred on the first day of the four fiscal quarters; *provided* that any pro forma calculation will only include amounts that are factually supportable

and are expected to have a continuing impact on the Company and its Restricted Subsidiaries as determined in good faith by the Chief Financial Officer of the Company;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date or that becomes a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four fiscal quarters;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date or would cease to be a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four fiscal quarters; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

"***Fixed Charges***" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, determined in accordance with IFRS, including, without limitation, the following:

(A) amortization of original issue discount,

(B) non-cash interest payments,

(C) the interest component of any deferred payment obligations,

(D) the interest component of all payments associated with Capital Lease Obligations,

(E) commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and

(F) net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; plus

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; plus

(4) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Company or to the Company or a Restricted Subsidiary of the Company.

"***Government Securities***" means securities that are:

(1) direct obligations of the United States for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depositary receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depositary receipt.

"***Guarantee***" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, directly or indirectly, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise). "Guarantee" used as a verb has a corresponding meaning.

"***Hedging Obligations***" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices,

in each case, entered into in the ordinary course of business or for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Company).

"***IFRS***" means International Financial Reporting Standards issued by the International Accounting Standards Board, as in effect from time to time.

"***Indebtedness***" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of bankers' acceptances, letters of credit or other similar instruments (including reimbursement obligations with respect thereto except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations and all Attributable Indebtedness of such Person;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed;

(6) representing the net obligations under Hedging Obligations (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);

(7) in the form of any Disqualified Stock issued by such Person; or

(8) to the extent not otherwise included in this definition, the Receivables Transaction Amount outstanding relating to any Receivables Transaction;

if and to the extent any of the preceding items would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person and the amount of such obligation being deemed to be the lesser of the value of such asset and the amount of the obligation so secured) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

"***Independent Investment Banker***" means one of the Reference Treasury Dealers appointed by the Company.

"***Investment Grade Rating***" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's, BBB– (or the equivalent) by S&P and BBB– (or the equivalent) by Fitch.

"***Investments***" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding (A) advances or extensions of credit to customers in the ordinary course of business that are recorded as accounts receivable on the consolidated balance sheet of such Person and (B) commission, travel, moving and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"***Issue Date***" means March 27, 2017.

"***Jamaican Common Agreement***" means the Common Agreement, dated as of August 30, 2012, as amended on August 31, 2013 and as further amended on December 19, 2013, among (i) Unicomer (Jamaica) Limited, as borrower, (ii) JCSD Trustee Services Limited, as Trustee, (iii) Citibank N.A., as Long Term Lender, Short Term Lender, Line of Credit Provider and Customs Bond Issuer, (iv) Citifinance Limited, as Sole-Arranger and (v) MF&G Asset Management Limited, as Collateral Agent, and as may be further amended or restated from time to time.

"***Jamaican Senior Indebtedness***" means, as of any date, the then outstanding secured obligations under the Jamaican Common Agreement and any Permitted Refinancing Indebtedness in respect thereof, in an aggregate principal amount of no more than 6,701,297,111 Jamaican Dollars.

"***Lien***" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that the lessee in respect of a Capital Lease Obligation or Sale and Leaseback Transaction will be deemed to have incurred a Lien on the property leased thereunder; *provided further* that in no event shall an operating lease be deemed to constitute a Lien.

"***Moody's***" means Moody's Investors Service, Inc. and its Affiliates or any successors thereof.

"***Net Debt***" means, with respect to any specified Person, as of any date of determination, an amount equal to the aggregate amount (without duplication) of all Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) outstanding at such time, less the sum of (without duplication) consolidated cash and Cash Equivalents, and excluding Indebtedness incurred under clauses (6), (7), (11) or (12) of the second paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness," in all cases determined in accordance with IFRS and as set forth in the most recent consolidated balance sheet of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company).

"***Net Debt to EBITDA Ratio***" means at any date ("transaction date"), the ratio of (i) the aggregate amount of Net Debt as of the transaction date to (ii) Consolidated EBITDA for the four fiscal quarters immediately prior to the transaction date for which internal financial statements are available (the "reference period"); *provided*, *however*, that:

(1) if the transaction giving rise to the need to calculate the Net Debt to EBITDA Ratio is an incurrence of Indebtedness, Net Debt shall be calculated after giving effect on a pro forma basis to the incurrence of such Indebtedness; *provided*, *however*, that the pro forma calculation of Net Debt shall not give effect to any Indebtedness incurred on the transaction date pursuant to the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness";

(2) if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged on the transaction date (other than Indebtedness incurred under any revolving credit agreement), Net Debt shall be calculated after giving effect on a pro forma basis to the discharge of such Indebtedness; *provided*, *however*, that the pro forma calculation of Net Debt shall not give effect to the discharge on the transaction date of any Indebtedness to the extent such discharge results from the proceeds of Indebtedness incurred pursuant to the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence on Indebtedness";

(3) if since the beginning of the reference period the Company or any Restricted Subsidiary shall have made any Asset Sale, then Consolidated EBITDA for the reference period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Sale for the reference period or increased by an amount equal to the Consolidated EBITDA (if negative) directly attributable thereto for the reference period;

(4) if since the beginning of the reference period the Company or any Restricted Subsidiary shall have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary or merges with or into a Restricted Subsidiary) or other acquisition of the assets of any Person which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business, then Consolidated EBITDA for the reference period shall be calculated after giving pro forma effect thereto as if such Investment or acquisition occurred on the first day of the reference period;

(5) if since the beginning of the reference period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such reference period shall have made any Asset Sale, Investment or acquisition of assets that would have required an adjustment pursuant to clause (3) or (4) above if made by the Company or any Restricted Subsidiary during the reference period, then Consolidated EBITDA for the reference period shall be calculated after giving pro forma effect thereto as if such Asset Sale, Investment or acquisition had occurred on the first day of the reference period; and

(6) if since the beginning of the reference period the Company or any Restricted Subsidiary shall have discontinued any operations, Consolidated EBITDA for the reference period shall be calculated after giving pro forma effect thereto as if such discontinued operations had been discontinued on the first day of the reference period.

For purposes of this definition, whenever pro forma effect is to be given to any Asset Sale, any Investment or acquisition of assets, and the amount of income or earnings related thereto, the pro forma calculations shall be made in good faith by the chief financial or accounting officer of the Company (and may include cost savings and synergies resulting from the acquisition of a Person or business that supplies raw materials to the Company or any Restricted Subsidiary, which savings or synergies will not exceed the market value of the raw materials that the Company or any Restricted Subsidiary would have purchased from such Person or business).

"***Net Income***" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with IFRS and before any reduction in respect of preferred stock dividends.

"***Net Proceeds***" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset

Sale, including, without limitation, legal, accounting and investment banking fees, sales commissions and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale (after taking into account any available tax credits or deductions and any tax sharing arrangements) and any repayment of Indebtedness that was permitted to be secured by the assets sold in such Asset Sale after taking into account any reserve for adjustment in respect of the sale price of such asset or assets or in respect of any retained liabilities associated with such Asset Sale, in each case as established in accordance with IFRS.

"***Non-Recourse Debt***" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (A) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (B) is directly or indirectly liable as a guarantor or otherwise, or (C) constitutes the lender; and

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

"***Note Guarantee***" means the Guarantee by any Subsidiary Guarantor of the Company's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"***Obligations***" means any principal (including reimbursement obligations with respect to letters of credit whether or not drawn), interest, premium (if any), fees, indemnifications, reimbursements, expenses and other liabilities payable under the documentation governing any Indebtedness.

"***Officer***" means the Chairman of the Board, the Vice Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer of the Company. Officer of any Subsidiary Guarantor has a correlative meaning.

"***Officers' Certificate***" means a certificate signed by two Officers or by an Officer and an Assistant Treasurer of the Company.

"***Opinion of Counsel***" means a written opinion from legal counsel reasonably satisfactory to the Trustee.

"***Permitted Business***" means (i) the business of the Company and its Restricted Subsidiaries as described in this offering memorandum as well as any other retail business, regardless of geographic location, (ii) businesses and activities related, ancillary or incidental to such activities including, but not limited to, extension of credit to customers and non-customers through cash loans, credit cards or otherwise and other financial and banking services, insurance, research and development activities, technology licensing, contract manufacturing and distribution, installation, repair and service businesses relating to the foregoing and (iii) any other business conducted by the Company and its Restricted Subsidiaries on the Issue Date.

"***Permitted Holders***" means one or more of the following Persons:

(1) (a) any Person who is a member of both the Company's Board of Directors and its Senior Management on the Issue Date, (b) a parent, brother, sister, aunt or uncle of any of the individuals named in clause (a), (c) the lineal descendants of any person named in clauses (a) and (b), (d) the estate or any guardian, custodian or other legal representative of any individual named in clauses (a) through (c), and (e) any trust established primarily for the benefit of any one or more of the individuals named in clauses (a) through (d);

(2) El Puerto de Liverpool S.A.B. de C.V. or any of its Affiliates; or

(3) a Person in which any of the foregoing Persons holds more than 50% of Voting Stock measured by voting power rather than number of shares.

"***Permitted Investments***" means:

(1) any Investment in the Company or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:

(A) such Person becomes a Restricted Subsidiary; or

(B) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Certain Covenants—Limitation on Asset Sales" or any other disposition of assets not constituting an Asset Sale;

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or any of its direct or indirect parents;

(6) any Investments received in compromise or resolution of (A) obligations that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(7) Investments represented by Hedging Obligations;

(8) loans or advances to, or Guarantees of loans or advances made to, employees, directors, officers or consultants made in the ordinary course of business of the Company or any Restricted Subsidiary in an aggregate principal amount not to exceed US$2.5 million at any one time outstanding;

(9) repurchases of the Notes;

(10) any Investment existing on the Issue Date and any extension, modification or renewal of any such Investments (but not any such extension, modification or renewal to the extent it involves additional advances, contributions or other investments of cash or property, other than reasonable expenses incidental to the structuring, negotiation and consummation of such extension, modification or renewal);

(11) (A) advances to customers in the ordinary course of business that are either (x) recorded as accounts receivable on the consolidated balance sheet of such Person or (y) made through investments in joint ventures that provide advances to customers, (B) extensions of credit to suppliers in the ordinary course of business that are recorded as accounts payable on the consolidated balance sheet of such person; and (C) payroll, travel and similar advances to cover matters that are expected at the time of the advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(12) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided*, *however*, that such trade terms may include the concessionary trade terms as the Company or the Restricted Subsidiary deems reasonable under the circumstances;

(13) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(14) Investment in any Person where such Investment was acquired by the Company or any of the Restricted Subsidiaries (A) in exchange for any other Investment or accounts receivable held by the Company or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (B) as a result of a

foreclosure by the Company or any of the Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(15) Extensions of credit and prepayment of expenses to customers, suppliers, utility providers, licensees, franchisees and other trade creditors in the ordinary course of business;

(16) Investments in any joint venture of the Company or its Restricted Subsidiaries to the extent such Investment (x) is made in proportion to the direct or indirect ownership percentage of the Company and its Restricted Subsidiaries in such joint venture and each third party owner of such joint venture invests proportionately in such joint venture, or (y) if such joint venture is subject to mandatory dividend requirements, is in the form of an equity Investment and in each case not to exceed an aggregate of US$15 million at any time;

(17) Investments in a Receivables Entity in connection with a Receivables Transaction; provided that such Investment in any such Person is in the form of any equity interest or interests in receivables and related assets generated by the Company or any Restricted Subsidiary and transferred to such Person in connection with a Receivables Transaction;

(18) Investments by the Company or any of its Restricted Subsidiaries in loans or advances to a bank or other financial institution that then utilizes the funds from such loans or advances to provide a loan or advance in a substantially similar amount and on substantially the same terms to the Company or any of its Restricted Subsidiaries; and

(19) other Investments in any Person engaged in a Permitted Business having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (19) that are at the time outstanding, that do not exceed the greater of US$50 million or 5% of the Company's Consolidated Net Tangible Assets (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); provided that any cash return on capital in any such Permitted Investment (including through any dividend, distribution, repayment, redemption, payment of interest or other transfer) made pursuant to this clause (19) will reduce the amount of any such Permitted Investment for purposes of calculating the amount of Permitted Investments under this clause (19) and will be excluded from clauses 3(A), (D) and (E) of the first paragraph of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments."

"***Permitted Liens***" means:

(1) Liens in favor of the Company or the Restricted Subsidiaries;

(2) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Subsidiary;

(3) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Restricted Subsidiary; *provided* that such liens were in existence prior to, and not incurred in contemplation of, such acquisition; *provided*, *however*, that any such Lien may not extend to any other property owned by the Company or any Restricted Subsidiary;

(4) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature if issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) Liens to secure Indebtedness incurred in connection with Capital Lease Obligations, Attributable Indebtedness under Sale and Leaseback Transactions and purchase money obligations permitted by the covenant entitled "—Certain Covenants—Limitation on Incurrence of Indebtedness," in each case covering only the assets acquired with or financed by such Indebtedness; *provided* that, in each case, (A) the aggregate principal amount of Indebtedness does not exceed the cost of the assets or property so acquired or constructed and (B) such Liens are created within 180 days of construction or acquisition of

such assets or property and do not encumber any other assets or property of the Company or any Restricted Subsidiary other than such assets or property and assets affixed or appurtenant thereto;

(6) Liens existing on the Issue Date and any extensions, renewals or replacements thereof in connection with the refinancing of the obligations secured thereby (other than any Liens referred to in clause (15)), *provided* that any such Lien does not extend to any other property and the amount secured by any such Lien is not increased;

(7) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;

(8) Liens imposed by law, such as vendors', carriers', warehousemen's, landlords' and mechanics' Liens, in each case, incurred in the ordinary course of business and for sums not yet due or being contested in good faith good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;

(9) pledges or deposits by a Person under workers' compensation laws, unemployment insurance laws or similar legislation, or good-faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case incurred in the ordinary course of business;

(10) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness, are incidental to the conduct of the business of such Person and do not, in the aggregate, materially and adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(11) Liens created for the benefit of (or to secure) the Notes (or any Note Guarantees);

(12) attachment or judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(13) customary Liens in favor of trustees and escrow agents and Liens arising solely by virtue of any statutory or common law provision relating to bankers' Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depositary institution; *provided*, *however*, that (A) such deposit account is not a dedicated cash collateral account and (B) such deposit account is not intended by the Company or any Restricted Subsidiary to provide collateral to the depositary institution;

(14) Liens securing Hedging Obligations so long as such Hedging Obligations relate to Indebtedness that is permitted to be incurred under the Indenture (and, if such Indebtedness is secured, is secured by a Lien on the same property securing such Hedging Obligation);

(15) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided, however,* that:

(A) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(B) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(16) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any of the Restricted Subsidiaries in the ordinary course of business;

(17) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business;

(18) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds thereof;

(19) licenses or leases or subleases as licensor, lessor or sublessor of any of a Person's property, including intellectual property, in the ordinary course of business and that do not materially interfere with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries and any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by the Indenture to which the Company or any Restricted Subsidiary is a party;

(20) options, put and call arrangements, rights of first refusal and similar rights relating to Investments in joint ventures, partnerships and the like, to the extent that such Investments are permitted under "—Certain Covenants—Limitation on Restricted Payments";

(21) Liens on accounts receivable or related assets incurred in connection with a Receivables Transaction;

(22) any pledge of the Capital Stock of an Unrestricted Subsidiary to secure Indebtedness of such Unrestricted Subsidiary, to the extent that such pledge constitutes an Investment permitted under "—Certain Covenants—Limitation on Restricted Payments";

(23) Liens to secure Indebtedness incurred pursuant to clause (1) of the second paragraph of "—Certain Covenants—Limitation on Incurrence of Indebtedness"; and

(24) Liens of the Company or any Restricted Subsidiary with respect to Obligations (other than Obligations subordinated to the Notes or the Note Guarantees, as the case may be) that do not exceed the greater of US$125 million or 12.5% of the Company's Consolidated Net Tangible Assets.

"***Permitted Refinancing Indebtedness***" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, extend, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, extended, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, extended, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, extended, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor.

"***Person***" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"***Rating Agencies***" mean Moody's, S&P and Fitch, except that in the event that Moody's, S&P or Fitch is no longer in existence or issuing ratings, such organization, as the case may be, may be replaced by a nationally recognized statistical rating organization (as defined in Rule 15c3-1(c)(2)(vi)(F) of the Exchange Act or any successor provision) designated by the Company with notice to the Trustee.

"***Rating Downgrade Event***" means the rating on the Notes is lowered from their rating then in effect by any of the Rating Agencies on any date during the period (the "***Trigger Period***") commencing on the date of the first public announcement of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced prior to the end of the 60 days following consummation of the Change of Control that it is considering a possible ratings change); *provided* that a Rating Downgrade Event otherwise arising by virtue of a particular lowering in rating will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Rating Downgrade Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agency making the lowering in rating to which this definition would otherwise apply does not announce or publicly confirm or notify the holders through DTC in writing in response to a request made at the direction of holders of a majority in principal amount of the then outstanding Notes that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Downgrade Event). In no event shall the Trustee be charged with knowledge of the rating of the Notes or the Company, nor shall it be charged with monitoring such rating. Notwithstanding the foregoing, no Rating Downgrade Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"***Receivables Entity***" means a Person in which the Company or any Restricted Subsidiary makes an Investment and:

(1) to which the Company or any Restricted Subsidiary transfers receivables and related assets in connection with a Receivables Transaction;

(2) which engages in no activities other than in connection with the Receivables Transaction;

(3) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

(A) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

(B) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or

(C) subjects any property or asset of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(4) with which neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Receivables Transaction) other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing receivables; and

(5) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

"***Receivables Transaction***" means any securitization, factoring, discounting or similar financing transaction or series of transactions that may be entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any Person (including a Receivables Entity), or may grant a security interest in, any receivables (whether now existing or arising in the future) of the Company or any of its Restricted Subsidiaries, and any assets

related thereto, including all collateral securing such receivables, all contracts and all guarantees or other obligations in respect of such receivables, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with securitization, factoring or discounting involving receivables.

"***Receivables Transaction Amount***" means the amount of obligations outstanding under the legal documents entered into as part of a Receivables Transaction on any date of determination that would be characterized as principal if such Receivables Transaction were structured as a secured lending transaction rather than a purchase.

"***Reference Treasury Dealer***" means Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and BCP Securities LLC, or their affiliates which are primary Government Securities dealers, and not less than one other leading primary Government Securities dealer in the City of New York reasonably designated by the Company; *provided*, *however*, that if any of the foregoing shall cease to be a primary Government Securities dealer in the City of New York (a "Primary Treasury Dealer"), the Company shall substitute therefor another Primary Treasury Dealer.

"***Reference Treasury Dealer Quotations***" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"***Restricted Subsidiary***" means any Subsidiary of the Company that at the time of determination is not an Unrestricted Subsidiary.

"***Sale and Leaseback Transaction***" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"***S&P***" means Standard & Poor's Ratings Group and its Affiliates or any successors thereof.

"***Senior Management***" means, with respect to the Company, the senior management team of executive officers including the Chairman, the Chief Executive Officer, the Executive Vice President, the Vice President of Merchandising, the Chief Financial Officer, the Vice President Caribbean Region, the Vice President Latin America Region, the Vice President of Human Capital and the Vice President of Information Technology.

"***Significant Subsidiary***" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

"***Standard Securitization Undertakings***" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary which are reasonably customary in securitization of receivables transactions.

"***Stated Maturity***" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"***Subsidiary***" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (A) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (B) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"***Subsidiary Guarantor***" means any Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of the Indenture, and its respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"***Treasury Rate***" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"***Unrestricted Subsidiary***" means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but in each case only if such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Limitation on Transactions with Affiliates," on the date of such designation, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

On the Issue Date, Redstart Investments (Belize) Ltd., Unicon Investments (Aruba) N.V. and Unicomer Capital (Trinidad) Ltd. will be Unrestricted Subsidiaries.

"***Voting Stock***" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"***Weighted Average Life to Maturity***" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (A) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (B) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

The Notes are being offered and sold only:

- to qualified institutional buyers in reliance on Rule 144A (the "Rule 144A Notes"); or
- to persons other than U.S. persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S (the "Regulation S Notes").

The Notes will be issued in fully registered global form in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. Rule 144A Notes initially will be represented by a single permanent global certificate (which may be subdivided) without interest coupons (the "Rule 144A Global Note"). Regulation S Notes initially will be represented by a single permanent global certificate (which may be subdivided) without interest coupons (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes").

The Global Notes will be deposited upon issuance with the Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC, including Euroclear and Clearstream, as described below under "—Depositary Procedures."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form except in the limited circumstances described below under "—Exchange of Book-Entry Notes for Certificated Notes."

The Notes will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Notice to Investors" in this offering memorandum. In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depositary Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the systems or their participants directly to discuss these matters.

DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC's records reflect only the identity of Participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

Pursuant to procedures established by DTC:

- upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and
- ownership of such interests in the Global Notes will be maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including Euroclear and Clearstream) that are Participants or Indirect Participants in such system. Euroclear and Clearstream will hold interests in the Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. The depositaries, in turn, will hold interests in the Notes in customers' securities accounts in the depositaries' names on the books of DTC.

All interests in a Global Note, including those held through Euroclear or Clearstream, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream will also be subject to the procedures and requirements of those systems. The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of beneficial owners of interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the Notes, see "—Exchange of Book-Entry Notes for Certificated Notes."

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or holders thereof under the Indenture for any purpose.

Payments in respect of the principal of and premium, if any, and interest on a Global Note registered in the name of DTC or its nominee will be remitted by the Trustee (or the Paying Agents if other than the Trustee) to the extent funded by the Issuer to DTC in its capacity as the registered holder under the Indenture. The Company, the Registrar, the Paying Agent and the Trustee will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Company, the Registrar, the Paying Agent, the Trustee or any agent of the Company, the Registrar, the Paying Agent or the Trustee has or will have any responsibility or liability for:

- any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Company that its current practice is to credit the accounts of the relevant Participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee, the Registrar, the Paying Agent or the Company. None of the Company, the Registrar, the Paying Agent, the Trustee or any agent of the Company, the Registrar, the Paying Agent or the Trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Notes, and the Company, the Registrar, the Paying Agent and the Trustee and their respective agents may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream participants, interests in the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants.

Subject to the transfer restrictions described under "Notice to Investors" in this offering memorandum, transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to the transfer restrictions described under "Notice to Investors" in this offering memorandum, cross-market transfers between Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the ease may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited and reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Company that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

DTC has advised the Company that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. None of the Company, the Registrar, the Paying Agent or the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

Exchange of Book-Entry Notes for Certificated Notes

The Global Notes are exchangeable for certificated notes in definitive, fully registered form without interest coupons (the "Certificated Notes") only in the following limited circumstances:

- DTC notifies the Company that it is unwilling or unable to continue as depositary for the Global Note or DTC ceases to be a clearing agency registered under the Exchange Act at a time when DTC is required to be so registered in order to act as depositary, and in each ease the Company fails to appoint a successor depositary within 90 days of such notice; or

- if there shall have occurred and be continuing an Event of Default with respect to the Notes and a majority of the holders of the Notes so request.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Notice to Investors" in this offering memorandum, unless the Company determines otherwise in accordance with the Indenture and in compliance with applicable law.

Transfers Within and Between Global Notes

Beneficial interests in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in substantially the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in substantially the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S.

The Trustee shall be entitled to receive such evidence as may be reasonably requested by them to establish the identity and/or signatures of the transferor and transferee.

Transfers of beneficial interests within a Global Note may be made without delivery of any written certification or other documentation from the transferor or the transferee.

Transfers of beneficial interests in the Regulation S Global Note for beneficial interests in the Rule 144A Global Note or vice versa will be effected by DTC by means of an instruction through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

TAXATION

Certain British Virgin Islands Tax Considerations

General

The following is a general summary of the British Virgin Islands tax consequences as of the date hereof in relation to the acquisition, holding or disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder of the Notes or a prospective holder and in view of its general nature, it should be treated with corresponding caution. Holders should consult their tax advisers with regard to the tax consequences of investing in the Notes. Except as otherwise indicated, this summary only addresses the tax legislation as in effect on the date hereof and as interpreted in case law published on or prior to the date hereof, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect. Please note that this summary does not describe the British Virgin Islands tax consequences for a holder of the Notes who will receive or has received the Notes as employment income, deemed employment income or otherwise as compensation.

We are not liable to pay any form of taxation in the BVI and all dividends, interests, rents, royalties, compensations and other amounts paid by us are exempt from all forms of taxation in the BVI and any capital gains realized with respect to any shares, debt obligations, or other securities of ours are exempt from all forms of taxation in the BVI.

No estate, inheritance, succession or gift tax, rate, duty or levy is payable to any taxing authority in the BVI with respect to any shares, debt obligation or other securities of ours. Subject to the payment of *ad valorem* stamp duty on the acquisition of property in the BVI by us (and in respect of certain transactions in respect of the shares, debt obligations or other securities of BVI incorporated companies owning land in the BVI), all instruments relating to transfers of property to or by us and all instruments relating to transactions in respect of the shares, debt obligations or other securities of ours and all instruments relating to other transactions relating to our business are exempt from payment of stamp duty in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to us or our shareholders.

Certain U.S. Federal Income Tax Consequences

The following is a description of certain U.S. federal income tax consequences to a "U.S. Holder" (as defined below) of owning and disposing of Notes purchased in this offering at the "issue price" and held as capital assets for U.S. federal income tax purposes. The "issue price" is the first price at which a substantial amount of the Notes are sold to the public.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax and Medicare contribution tax consequences, as well as differing tax consequences that may apply if you are, for instance:

- a financial institution;
- a regulated investment company;
- a dealer or trader in securities that uses a mark-to-market method of accounting;
- holding Notes as part of a "straddle" or integrated transaction;
- a U.S. Holder (as defined below) whose functional currency is not the U.S. dollar;
- a tax-exempt entity; or
- a partnership for U.S. federal income tax purposes.

If you are a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and your activities.

This summary is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein. This summary does not address any aspect of state, local or non-U.S. taxation, or any taxes other than income taxes. You should consult your tax adviser with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

You are a U.S. Holder if, for U.S. federal income tax purposes, you are a beneficial owner of a Note and are:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Certain Additional Payments

There are circumstances in which we might be required to make payments on a Note that would increase the yield of the Note, for instance, as described under "Description of the Notes—Repurchase of Notes upon a Change of Control Repurchase Event." We intend to take the position that the possibility of such payments does not result in the Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. Our position is not binding on the Internal Revenue Service ("IRS"). If the IRS takes a contrary position, you may be required to accrue interest income based upon a "comparable yield" (as defined in the Treasury Regulations) determined at the time of issuance of the Notes (which would not be expected to differ significantly from the actual yield on the Notes), with adjustments to such accruals when any contingent payments are made that differ from the projected payments based on the comparable yield. In addition, any income on the sale, exchange, retirement or other taxable disposition of the Notes would be treated as interest income rather than as capital gain. You should consult your tax adviser regarding the tax consequences if the Notes were treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes are not treated as contingent payment debt instruments.

Payments of Interest

Stated interest on a Note will be taxable to you as ordinary interest income at the time it accrues or is received, in accordance with your method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued without original issue discount for U.S. federal income tax purposes.

The amount of interest taxable as ordinary income will include amounts withheld in respect of any taxes and, without duplication, any Additional Amounts paid. Interest income earned with respect to a Note will constitute foreign-source income for U.S. federal income tax purposes. Subject to applicable limitations, some of which may vary depending upon your particular circumstances, any income taxes withheld from interest income on a Note at a rate not in excess of an applicable treaty rate may be creditable against your U.S. federal income tax liability. The rules governing foreign tax credits are complex, and you should consult your tax adviser regarding the availability of foreign tax credits in your particular circumstances.

Sale or Other Taxable Disposition of the Notes

Upon the sale or other taxable disposition of a Note, you will recognize taxable gain or loss equal to the difference between the amount realized on the sale or other taxable disposition and your adjusted tax basis in the Note. Your adjusted tax basis in a Note will generally equal the cost of your Note. Gain or loss, if any, will generally be U.S.-source income for purposes of computing your foreign tax credit limitation. For these purposes, the amount realized does not include any amount attributable to accrued interest, which is treated as described under "Payments of Interest" above.

Gain or loss realized on the sale or other taxable disposition of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale or other taxable disposition if you have held the Note for more than one year at the time of disposition. Long-term capital gains recognized by non-corporate taxpayers generally are subject to reduced tax rates. The deductibility of capital losses is subject to limitations.

Backup Withholding and Information Reporting

Information returns may be required to be filed with the IRS in connection with payments on the Notes and proceeds received from a sale or other disposition of the Notes unless you are an exempt recipient. You may also be subject to backup withholding on these payments in respect of your Notes unless you provide your taxpayer identification number and otherwise comply with applicable requirements of the backup withholding rules or you provide proof of an applicable exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

ERISA AND CERTAIN OTHER CONSIDERATIONS

The Notes may be purchased and held by or with the assets of an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), an individual retirement account or other plan subject to Section 4975 of the Code or an employee benefit plan sponsored by a state or local government or otherwise subject to laws that include restrictions substantially similar to ERISA and Section 4975 of the Code ("Similar Laws"). A fiduciary of an employee benefit plan subject to ERISA must determine that the purchase and holding of a Note is consistent with its fiduciary duties under ERISA. Such fiduciary, as well as any other prospective investor subject to Section 4975 of the Code or any Similar Law, must also determine, and will be deemed to have represented by its acquisition and holding of a Note. that such acquisition and holding does not constitute or give rise to a non-exempt prohibited transaction under ERISA, Section 4975 of the Code or any Similar Law. Such purchaser or transferee should consult legal counsel before purchasing the Notes. Nothing herein shall be construed as a representation that an investment in the Notes is appropriate for, or would meet any or all of the relevant legal requirements with respect to investments by, an employee benefit plan subject to ERISA or Section 4975 of the Code or a Similar Law.

PLAN OF DISTRIBUTION

Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and BCP Securities, LLC are acting as initial purchasers.

Subject to the terms and conditions stated in the purchase agreement, dated March 20, 2017, each initial purchaser named below has severally agreed to purchase, and we have agreed to sell to the initial purchasers, the principal amount of the Notes set forth opposite such initial purchaser's name.

Initial Purchaser	Principal Amount of Notes
Citigroup Global Markets Inc.	US$140,000,000
Credit Suisse Securities (USA) LLC	US$140,000,000
BCP Securities, LLC	US$70,000,000
Total	**US$350,000,000**

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed to purchase all of the Notes sold under the purchase agreement if any Notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the U.S. Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The initial purchasers have advised us that they propose initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum and to certain dealers at that price less a selling concession. After the initial offering, the offering price, concession or any other term of the offering may be changed. The initial purchasers may offer and sell Notes through certain of their affiliates.

Notes Are Not Being Registered

The Notes and the Guarantees have not been registered under the U.S. Securities Act, or the securities law of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgements, representations and agreements as described under "Notice to Investors." In connection with sales outside the United States, each of the initial purchasers has agreed that it will not offer, sell or deliver the Notes to, or for the account of, U.S. persons (unless in reliance on Rule 144A) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and it will send to each dealer to whom it sells such Notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Resales of the Notes are restricted as described below under "Notice to Investors."

Further, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

New Issue of Notes

The Notes will constitute a new issue of securities with no established trading market. We intend to apply to list the Notes on the Singapore Stock Exchange. However, we cannot assure you that the listing application will be

approved. We have been advised by the initial purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made to investors on or about March 27, 2017, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the U.S. Securities Exchange Act, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We and the Guarantors have agreed that for a period of 90 days after the date of this offering memorandum, we and the Guarantors will not, without the prior written consent of the initial purchasers, directly or indirectly, sell, offer, contract to sell, pledge, otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by us or any of our affiliates or any person in privity with us or any of our affiliates) or announce the offering of, any debt securities in the domestic or international capital markets, except for the Notes sold to the initial purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of Notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing Notes in the open market. The initial purchasers may also impose a penalty bid. This occurs when a particular initial purchaser repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased Notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, purchases by the initial purchasers to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the initial purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The initial purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The initial purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the initial

purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. In addition, affiliates of some of the initial purchasers are lenders, and in some cases agents or managers for the lenders, under our credit facility. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these initial purchasers or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Sales Outside of the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the Notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area, which has implemented the Prospectus Directive, or "Relevant Member States," with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, or the Relevant Implementation Date, an offer to the public of any Notes which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Notes may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes shall result in a requirement for the publication by us, the initial purchasers or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of Notes within the European Economic Area should only do so in circumstances in which no obligation arises for us or the initial purchasers to produce a prospectus for such offer. Neither we nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the initial purchasers which constitute the final offering of Notes contemplated in this offering memorandum.

For the purposes of this provision, and your representation below, the expression an "offer to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Notes under, the offer of Notes contemplated by this offering memorandum will be deemed to have represented, warranted and agreed to and with us and the initial purchasers that:

1) it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

2) in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (a) the Notes acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (b) where Notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Directive as having been made to such persons.

Notice to Prospective Investors in United Kingdom

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order, or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

Each of the initial purchasers has advised that:

1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not, or would not, apply to us; and

2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Switzerland

This offering memorandum, as well as any other material relating to the Notes which are the subject of the offering contemplated by this offering memorandum, do not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The Notes will not be listed on the SWX Swiss Exchange and, therefore, the documents relating to the Notes, including, but not limited to, this offering memorandum, do not claim to comply with the disclosure standards of the listing rules of SWX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SWX Swiss Exchange. The Notes are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached by us from time to time. This offering memorandum, as well as any other material relating to the Notes, is personal and does not constitute an offer to any other person. This offering memorandum may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or the DFSA. This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with

Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for this offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Notice to Prospective Investors in Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The Notes offered in this offering memorandum have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, or (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor, as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire capital stock of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person under Section 275(2) of the SFA, or any person pursuant to Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) by operation of law; or (4) as specified in Section 276(7) of the SFA.

Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers in the provinces of Alberta, British Columbia, Ontario and Quebec purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Mexico

The Notes have not been and will not be registered with the RNV maintained by the CNBV, and, therefore, may not be offered publicly in Mexico. The Notes may only be offered in Mexico pursuant to the exemptions to registration provided in article 8 of the Mexican Securities Market Law. We will notify the CNBV of the terms and conditions of this offering of the Notes outside of Mexico, for informational and statistical purposes only. The delivery to, and the receipt by, the CNBV of such notice does not constitute or imply a certification as to the investment quality of the Notes, our or the subsidiary guarantor's solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this offering memorandum. This offering memorandum is solely our responsibility and has not been reviewed or authorized by the CNBV. The acquisition of the Notes by investors, including Mexican investors, will be made under their own responsibility.

Notice to Prospective Investors in Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the Superintendency of Securities and Insurance of Chile (*Superintendencia de Valores y Seguros de Chile*, or the SVS), the Notes may be privately offered in Chile to certain "qualified investors" identified as such by Rule No. 336 (which in turn are further described in Rule No. 216, dated June 12, 2008,of the SVS).

Rule No. 336 requires the following information to be provided to prospective investors in Chile:

1) Date of commencement of the offer: March 9, 2017. The offer of the Notes is subject to Rule No. 336, dated June 27, 2012, issued by the SVS;

2) The Notes and this offering memorandum are not registered with the Securities Registry (*Registro de Valores*) of the SVS, nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the SVS and as such are not subject to the oversight of the SVS;

3) Since the Notes are not registered in Chile, there is no obligation by the issuer to make publicly available information about the Notes in Chile;

4) The Notes shall not be subject to a public offering in Chile unless registered with the relevant Securities Registry of the SVS.

La oferta de los valores comienza el 9 de marzo de 2017 y está acogida a la Norma de Carácter General 336 de la Superintendencia de Valores y Seguros de Chile (la "SVS"). La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que los valores no están sujetos a la fiscalización de dicho organismo. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de los valores. Estos valores no pueden ser objeto de oferta pública a menos que sean inscritos en el registro de valores correspondiente.

Notice to Prospective Investors in France

Neither this offering memorandum nor any other offering material relating to the Notes described in this offering memorandum has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of

the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this offering memorandum nor any other offering material relating to the Notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the Notes to the public in France.

- Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code Monétaire et Financier*;

- to investment services providers authorized to engage in portfolio management on behalf of third parties; or

- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code Monétaire et Financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The Notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code Monétaire et Financier*.

Notice to Prospective Investors in Colombia

The Notes will not be authorized by the *Superintendencia Financiera de Colombia* (Colombian Superintendency of Finance) and will not be registered under the *Registro Nacional de Valores y Emisores* (Colombian National Registry of Securities and Issuers), and, accordingly, the Notes will not be offered or sold to persons in Colombia except in circumstances which do not result in a public offering under Colombian law.

Notice to Prospective Investors in Peru

The offer of the Notes, this offering memorandum and the Notes have not been, and will not be, registered with the *Comisión Nacional Supervisora de Empresas y Valores* (the Peruvian Securities and Exchange Commission). The offer of the Notes in Peru is not considered a public offering and will not be launched in Peru except in circumstances which do not constitute public offering or distribution under Peruvian laws and regulations. This notice is for informative purposes and it does not constitute public offering of any kind.

NOTICE TO INVESTORS

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered hereby only (a) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) ("QIBs") in compliance with Rule 144A under the Securities Act and (b) in offers and sales that occur outside the United States to persons other than U.S. persons ("non-U.S. purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 of Regulation S. As used herein, the terms "offshore transactions," "United States" and "U.S. person" have the respective meanings given to them in Regulation S.

Each purchaser of Notes will be deemed to have represented and agreed with us and the initial purchasers as follows:

(1) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A under the U.S. Securities Act or (b) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above);

(2) It understands that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act, and that the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it understands and agrees that Notes initially offered in the United States to QIBs will be represented by a Global Note and that Notes offered outside the United States pursuant to Regulation S will also be represented by a Global Note;

(4) It shall not resell or otherwise transfer any of such Notes prior to (a) the date which is one year (or such shorter period of time as permitted by Rule 144(d)(1) under the Securities Act or any successor provision thereunder) after the later of the date of original issuance of the Notes and (b) such later date, if any, as may be required by applicable laws except:

- to the Company or any of its subsidiaries;
- pursuant to a registration statement which has been declared effective under the Securities Act;
- within the United States to a QIB in compliance with Rule 144A under the Securities Act;
- outside the United States to non-U.S. purchasers in offshore transactions meeting the requirements of Rule 904 of Regulation S under the Securities Act; or
- pursuant to another available exemption from the registration requirements of the Securities Act;

(5) It agrees that it will give notice of any restrictions on transfer of such Notes to each person to whom it transfers the Notes;

(6) It understands that the certificates evidencing the Notes (other than the Regulation S Global Notes) will bear a legend substantially to the following effect unless otherwise agreed by us and the trustee:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS

THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY INTEREST HEREIN, EXCEPT (A) (I) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH THE ABOVE PARAGRAPHS, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THIS LEGEND MAY BE REMOVED ONLY AT THE OPTION OF THE ISSUER.

(7) If it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S Global Note offered pursuant to this offering memorandum, it acknowledges and agrees that, until the expiration of the 40-day "distribution compliance period" within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a Rule 144A Note, and that each Regulation S Note will contain a legend to substantially the following effect:

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S. NEITHER THIS TEMPORARY GLOBAL NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR DELIVERED, EXCEPT AS PERMITTED ABOVE.

NO BENEFICIAL OWNERS OF THIS TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF PRINCIPAL HEREOF OR INTEREST HEREON UNLESS THE REQUIRED CERTIFICATIONS HAVE BEEN DELIVERED PURSUANT TO THE TERMS OF THE INDENTURE.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH THE ABOVE PARAGRAPH, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

(8) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as holders of the Notes;

(9) It acknowledges that the trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Company and the trustee that the restrictions set forth herein have been complied with; and

(10) It acknowledges that prior to any proposed transfer of Notes (other than pursuant to an effective registration statement or in respect of Notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such Notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture;

(11) It acknowledges that the Company, the trustee, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Company, the trustee and the initial purchasers.

(12) If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(13) It acknowledges that (a) its purchase and holding of the Note is not made on behalf of or with "plan assets" of any plan subject to Title I of ERISA, Section 4975 of the Code or any Similar Law or (b) its purchase and holding of the Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any Similar Law.

LEGAL MATTERS

Certain legal matters with respect to the Notes are being passed upon for us by Davis Polk & Wardwell LLP, U.S. counsel to us, by Arias, El Salvador counsel to us, and by Hunte & Co., British Virgin Islands counsel to us. Certain legal matters in connection with the offering of the Notes will be passed upon for the initial purchasers by Cleary Gottlieb Steen & Hamilton LLP, U.S. counsel to the initial purchasers.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the fiscal year ended March 31, 2016, 2015 and 2014 included in this offering memorandum have been audited by KPMG Chartered Accountants, independent accountants. Their reports with respect to the consolidated financial statements for each of the fiscal years ended March 31, 2016, 2015 and 2014 are included elsewhere in this offering memorandum.

LISTING AND GENERAL INFORMATION

Clearing

We have applied to have the Notes accepted into DTC's book-entry settlement system. The Notes have been accepted for clearance through the clearing systems of Euroclear System and Clearstream Banking, *société anonyme*. The securities codes are:

	ISIN Number	CUSIP Number
Rule 144A Global Note.....	US40053VAA17	40053V AA1
Regulation S Global Note.....	USG42037AA25	G42037 AA2

We intend to apply to list the Notes on the Singapore Stock Exchange. The Notes are not yet listed. If such listing of the Notes is obtained and it subsequently becomes impracticable or unduly burdensome, in our good faith determination, to maintain, due to changes in listing requirements occurring subsequent to the date of this offering memorandum, we may de-list the Notes from the Singapore Stock Exchange; and, in the event of any such de-listing, we will use our best efforts to obtain an alternative admission to listing, trading and/or quotation of the Notes by another listing authority, exchange or system. In these circumstances, there can be no assurance that we would be successful in obtaining such alternative admission to listing, trading and/or quotation of the Notes. For information regarding the notice requirements associated with any delisting decision, see "Description of the Notes—Notices."

For so long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, the Notes will be traded in a minimum board lot size of US$200,000. The Singapore Stock Exchange assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this offering memorandum.

For so long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, a paying agent in Singapore will be appointed and maintained where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note is exchanged for individual definitive Notes. In addition, in the event that the global notes are exchanged for definitive certificated notes, announcement of such exchange shall be made through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive certificated notes, including details of the Singapore paying agent.

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REGAL FOREST HOLDING CO. LTD.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2016

Regal Forest Holding Co. Ltd. and subsidiaries

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December 31, 2016

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Members of
GRUPO UNICOMER CO. LTD.
(Formerly Regal Forest Holding Co. Ltd.)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Regal Forest Holding Co. Ltd. as at December 31, 2016, the condensed consolidated statements of income, profit or loss and other comprehensive income, changes in equity and cash flows for the nine month periods ended December 31, 2016 and 2015, and notes to the interim financial information ('the condensed consolidated interim financial information').

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at December 31, 2016 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG
Chartered Accountants
Kingston, Jamaica

March 7, 2017

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers
W. Gihan C. De Mel
Nyssa A. Johnson
Wilbert A. Spence
Rochelle N. Stephenson

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Regal Forest Holding Co. Ltd. and subsidiaries

Condensed consolidated statement of financial position
December 31, 2016
(expressed in U.S. dollars)

	Notes	December 31, 2016 $'000	March 31, 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		53,202	38,716
Accounts receivable, net	6(b)	640,485	587,529
Accounts receivable - company related by common control		14,833	14,883
Other receivables and prepayments		69,244	47,525
Inventories	9	282,151	231,903
Deferred policy acquisition costs		25,523	25,427
Prepaid income taxes		5,269	8,826
Total current assets		1,090,707	954,809
Non-current assets			
Accounts receivable, net	6(a)	284,576	248,580
Loan receivable - company related by common control		10,433	8,104
Property and equipment, net	7	161,744	153,580
Goodwill		72,546	73,702
Intangible assets	8	156,697	156,364
Retirement benefits assets		3,281	3,307
Deferred tax assets		29,829	26,222
Other assets		3,361	2,104
Total non-current assets		722,467	671,963
Total assets		1,813,174	1,626,772

The notes on pages F-11 to F-21 are an integral part of these condensed consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Condensed consolidated statement of financial position
December 31, 2016
(expressed in U.S. dollars)

	Notes	December 31, 2016 $'000	March 31, 2016 $'000
LIABILITIES			
Current liabilities			
Bank overdrafts, secured		39	20
Short-term borrowings	11	178,422	106,948
Current portion of long-term borrowings	11	155,124	162,143
Accounts payable		184,815	139,042
Accounts payable - company related by common control		2,800	8,989
Bonuses payable		1,812	2,808
Unearned premium reserve		72,999	66,914
Other accounts payable and accruals		79,072	69,892
Current income tax liabilities		16,769	19,194
Provision for warranties	12	7,212	6,102
Total current liabilities		699,064	582,052
Non-current liabilities			
Long-term borrowings	11	448,173	418,437
Deferred warranty income		57,209	52,041
Bonuses payable		4,809	3,020
Employee benefits obligations	12	10,308	10,003
Deferred tax liabilities		14,096	13,512
Total non-current liabilities		534,595	497,013
Total liabilities		1,233,659	1,079,065
EQUITY			
Share capital		181,144	181,144
Retained earnings (including statutory reserves)		479,656	434,460
Currency translation reserve		(81,285)	(67,897)
Total equity		579,515	547,707
Total liabilities and equity		1,813,174	1,626,772

The notes on pages F-11 to F-21 are an integral part of these condensed consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Condensed consolidated statement of income
For the nine months ended December 31, 2016
(expressed in U.S. dollars)

		Nine months ended December 31	
		2016	**2015**
		$'000	$'000
Sales		943,957	896,307
Cost of goods sold		(664,420)	(643,279)
Gross profit on sales		279,537	253,028
Premium income		13,324	13,231
Finance income earned on credit operations		287,124	272,191
Total gross profit		579,985	538,450
Distribution and selling expenses	13	(368,264)	(354,877)
Administrative expenses	13	(81,271)	(68,970)
Other operating income, net		3,709	5,561
Operating profit		134,159	120,164
Financial income		647	205
Financial expense		(40,956)	(35,735)
Foreign exchange losses and other charges		(5,225)	(4,011)
Net finance costs		(45,534)	(39,541)
Profit before income tax		88,625	80,623
Income tax expense	14	(24,186)	(22,294)
Profit for the period		**64,439**	**58,329**

The notes on pages F-11 to F-21 are an integral part of these condensed consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income
For the nine months ended December 31, 2016
(expressed in U.S. dollars)

	Nine months ended December 31	
	2016 $'000	**2015** $'000
Profit for the period	**64,439**	**58,329**
Other comprehensive loss:		
Currency translation adjustments	(13,388)	1,777
Total comprehensive income for the period	**51,051**	**60,106**

The notes on pages F-11 to F-21 are an integral part of these condensed consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Condensed consolidated statement of changes in equity
For the nine months ended December 31, 2016
(expressed in U.S. dollars)

	Share capital $'000	Statutory reserves $'000	Retained earnings $'000	Currency translation reserve $'000	Total $'000
Balance as of March 31, 2015	181,144	9,932	369,788	(56,579)	504,285
Total comprehensive income					
Profit for the period	-	-	58,329	-	58,329
Other comprehensive loss:					
Currency translation adjustments	-	-	-	1,777	1,777
Total comprehensive income for the period	-	-	58,329	1,777	60,106
Transfers to statutory reserves	-	401	(401)	-	-
Transactions with owners, recorded directly in equity					
Dividends paid (note 19)	-	-	(19,170)	-	(19,170)
Balance as of December 31, 2015	181,144	10,333	408,546	(54,802)	545,221
Balance as of March 31, 2016	181,144	11,493	422,967	(67,897)	547,707
Total comprehensive income					
Profit for the period	-	-	64,439	-	64,439
Other comprehensive loss:					
Currency translation adjustments	-	-	-	(13,388)	(13,388)
Total comprehensive income for the period	-	-	64,439	(13,388)	51,051
Transfers to statutory reserves	-	620	(620)	-	-
Transactions with owners, recorded directly in equity					
Dividends paid (note 19)	-	-	(19,243)	-	(19,243)
Balance as of December 31, 2016	181,144	12,113	467,543	(81,285)	579,515

The notes on pages F-11 to F-21 are an integral part of these condensed consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Condensed consolidated statement of cash flows
For the nine months ended December 31, 2016
(expressed in U.S. dollars)

	Notes	December 31, 2016 $'000	December 31, 2015 $'000
Cash flows from operating activities			
Profit for the period		64,439	58,329
Adjustments for:			
Depreciation and impairment	7	16,148	15,328
Amortization of intangible assets	8	5,748	5,146
Loss on disposal of property and equipment and intangible assets		3,496	3,012
Increase in employee benefits provision		430	804
Increase in provision for warranties, net		1,164	468
Retirement benefits assets		26	-
Increase in unearned premium reserve		6,085	8,466
Decrease increase deferred policy acquisition cost released to income statement		13,752	13,616
Net finance costs		45,534	39,541
Income tax expense		24,186	22,294
		181,008	167,004
Changes in working capital:			
Increase in accounts receivable		(87,739)	(71,598)
(Decrease)/increase in accounts receivable - related companies		50	(3,808)
Increase/(decrease) in other receivables and prepayments		(21,719)	193
Increase in retirement benefits assets		(148)	(9)
Increase in inventories		(44,617)	(16,335)
Increase in deferred policy acquisition cost		(13,848)	(15,474)
Increase in other assets		(1,025)	(1,986)
Increase in loans receivable - related companies		(2,329)	-
Increase in accounts payable		46,154	28,103
(Decrease)/increase in accounts payable - related companies		(5,831)	12,273
Increase in bonuses payable		793	4,294
Increase/(decrease) in other accounts payable and accruals		8,869	(18,140)
Increase in deferred warranty income, net		5,168	5,848
		64,786	90,365
Interest received		647	205
Interest paid		(40,956)	(35,735)
Corporate income tax paid		(26,077)	(23,576)
Net cash provided by operating activities		(1,600)	31,259
Cash flows from investing activities			
Acquisition of property and equipment	7	(27,254)	(22,668)
Acquisition of intangible assets	8	(11,772)	(9,519)
Consideration on acquisition and subsidiaries, net of cash		(9,910)	(36,090)
Translation adjustments in respect of foreign subsidiaries		(4,308)	4,392
Net cash used in investing activities		(53,244)	(63,885)
Cash flows from financing activities			
Proceeds from short-term borrowings		240,140	176,446
Repayments of short-term borrowings		(168,666)	(137,110)
Proceeds from long-term borrowings		173,057	169,182
Repayments of long-term borrowings		(150,340)	(158,194)
Dividends paid		(19,243)	(19,170)
Net cash provided in financing activities		74,948	31,154
Net increase/(decrease) in cash and cash equivalents		20,104	(1,472)
Cash and cash equivalents at the beginning of period		38,716	38,323
Effect of movements in exchange rates on cash and cash equivalent		(5,618)	(4,030)
Cash and cash equivalents at end of period		53,202	32,821

The notes on pages F-11 to F-21 are an integral part of these condensed consolidated financial statements.

1. Reporting entity

Regal Forest Holding Co. Ltd. ("the Company") is incorporated and registered in the British Virgin Islands and its principal offices are located in San Salvador, El Salvador.

The Company is a subsidiary of Infotech of the Caribbean and Central America Corp. ("Infotech"), which owns 50% of the share capital and is controlled by Milady Associates Ltd. The other 50% is held by Gromeron, SLU, which is owned by El Puerto de Liverpool, SAB 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, Ecuador, 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 with proven credit history.

Effective December 24, 2015, Unicomer Latin America Co Ltd acquired the shares of the company Wisdom Product S.A.E.C.A. in Paraguay, adding 12 points of retail to the group (Note 10).

Effective April 1, 2016 Unicomer (Curacao) N.V., a 100% subsidiary of Cobalt Holding Co. Ltd., commenced trading in Curacao, Bonaire and St Maarten with certain assets purchased from OMNI BV, OMNI (Bonaire) N.V. and Airtronic (St. Maarten) N.V. respectively.

On February 15, 2017 the company changed its name from Regal Forest Holding Co. Ltd. to Grupo Unicomer Co. Ltd. (See Note 21).

2. Statement of compliance, judgements and estimates

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 at and for the year ended March 31, 2016.

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 at and for the year ended March 31, 2016.

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 at and for the year ended March 31, 2016. The adoption of certain new, revised and amended standards and interpretations that came into effect during the current period did not result in any change in accounting policies.

4. Seasonality of operations

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

Sales in November and December account for about 28% of annual sales. 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. (See note 9).

5. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic geographical divisions that are managed separately. For each of the strategic divisions, the Group's Executive team (the chief operating decision maker) reviews internal management reports to monitor performance and allocate resources. The following summary describes the operations in each of the Group's reportable segments.

Latin America Group: includes the subsidiaries based in Central America and South American countries, except Belize. Specifically it consists of El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica, Panama and Dominican Republic, and Ecuador, as well as Paraguay (the latter since December 2015). In Latin America the Group operates under the brand names "La Curacao", "Opticas La Curacao", "Almacenes Tropigas", "Artefacta", "Gollo", "Gollo Opticas", "Baratodo", "Radio Shack", and "Loco Luis".

Courts Caribbean Group: This segment comprises the companies located in the Caribbean Region, except Dominican Republic and includes Belize. Specifically it consists of Belize, Jamaica, Trinidad & Tobago, Barbados, Guyana, St. Kitts & Nevis, St. Lucia, St. Vincent & The Grenadines, Grenada, Dominica, Antigua & Barbuda, Aruba, Curacao, Sint Maarten, Bonaire. These Caribbean companies operate under the names "Courts", "Lucky Dollar", "Unicon", "Omni", "Radio Shack", and others.

United States of America Group: includes the subsidiaries based in Texas and Delaware in the United States. These companies operate under the names "Unicomer" and "Courts Caribbean".

5. Operating segments

a. Information about reportable segments

	Nine months ended December 31									
	2016					2015				
	Latin America	Caribbean	USA	Other	Total	Latin America	Caribbean	USA	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales	620,250	318,811	4,896	-	943,957	596,471	295,283	4,553	-	896,307
Finance income earned on credit sales and premium income	182,746	115,724	1,978	-	300,448	170,238	113,379	1,805	-	285,422
External revenues	802,996	434,535	6,874	-	1,244,405	766,709	408,662	6,358	-	1,181,729
Reportable segment – profit before tax	24,783	75,347	(1,234)	(10,271)	88,625	22,927	69,922	(723)	(11,503)	80,623

b. Reconciliation of reportable segment profit or loss

	Nine months ended December 31	
	2016	2015
	$'000	$'000
Total profit or loss for reportable segment before tax	88,625	80,623
Unallocated corporate expenses	-	-
Profit before tax	88,625	80,623

6. Accounts receivable

a. Accounts receivable as at December 31, 2016 and March 31, 2016 are as follows:

	December 31, 2016	March 31, 2016
	$'000	$'000
Gross accounts receivable – customers	1,126,982	1,014,923
Allowance for forgiveness of instalments	(7,617)	(7,218)
Gross cash loans receivable – customers	150,139	165,837
Gross interest receivable	22,972	24,631
Unearned finance income	(306,587)	(299,196)
	985,889	898,977
Less: Allowance for impairment	(60,828)	(62,868)
	925,061	836,109
Current portion of accounts receivable, net	(640,485)	(587,529)
Non-current portion of accounts receivable, net	284,576	248,580

b. Current portion of accounts receivable:

	December 31, 2016 $'000	March 31, 2016 $'000
Total accounts receivable due within one year	692,972	644,734
Less: Allowance for impairment	(52,487)	(57,205)
	640,485	587,529

c. The aging of the customer accounts receivable portfolio as at December 31, 2016, and March 31, 2016, was as follows:

	December 31, 2016			March 31, 2016		
	Gross less unearned finance income	Impairment allowance	Net	Gross less unearned finance income	Impairment allowance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Non- past due	679,709	(8,206)	671,503	563,834	(6,249)	557,585
Past due 1-30	158,009	(5,328)	152,681	181,384	(6,496)	174,888
Past due 31-60	52,648	(5,364)	47,284	63,597	(6,901)	56,696
Past due 61-90	27,569	(6,058)	21,511	28,155	(6,608)	21,547
Past due 91-120	18,067	(6,494)	11,573	15,632	(6,077)	9,555
Past due 121-150	13,791	(6,290)	7,501	12,129	(6,719)	5.410
Past due 151-180	11,651	(6,679)	4,972	9,881	(6,178)	3,703
More than 180 days	24,445	(16,409)	8,036	24,365	(17,640)	6,725
	985,889	(60,828)	925,061	898,977	(62,868)	836,109

In computing past due amounts in its aging of accounts receivable, the Group includes the full outstanding balance (net of unearned finance income) of those accounts with instalments past due.

The movement in the allowance for impairment of receivables during the nine months' period ended December 31, 2016, and the twelve-month period ended March 31, 2016 was as follows:

	December 31, 2016 $'000	March 31, 2016 $'000
Balance at beginning of period	62,868	52,537
Arising on acquisition of subsidiaries	288	3,068
Impairment losses recognized	53,978	73,226
Utilized during the year	(56,351)	(65,653)
Foreign exchange translation adjustment	45	(310)
	60,828	62,868

7. Property and equipment

	2016 $'000
Cost	
As of March 31, 2016	280,316
Arising on acquisition of subsidiaries	581
Additions	27,254
Disposals	(3,774)
Sales	(1,436)
Others	3,437
Foreign exchange adjustment	(4,888)
As of December 31, 2016	301,490
Accumulated depreciation	
As of March 31, 2016	126,736
Depreciation for the period	16,148
Disposals	(1,388)
Sales	(656)
Others	120
Foreign exchange adjustment	(1,214)
As of December 31, 2016	139,746
Net book values	
As of December 31, 2016	161,744
As of March 31, 2016	153,580

8. Intangible assets

	2016 $'000
Cost	
As of March 31, 2016	189,425
Arising on acquisition of subsidiaries	2,263
Additions	11,772
Disposals	(35)
Sales	(151)
Others	(3,442)
Foreign exchange adjustment	(4,856)
As of December 31, 2016	194,976
Accumulated amortization	
As of March 31, 2016	33,061
Amortisation for the period	5,748
Sales	18
Foreign exchange adjustment	(548)
As of December 31, 2016	38,279
Net book values	
As of December 31, 2016	156,697
As of March 31, 2016	156,364

On April 15, 2015, the Company acquired brands, intellectual property and contracts of RadioShack throughout Central America, South America and the Caribbean, for an amount of $5,000,000 in cash, plus additional related costs of $415,000, of which $750,000 was paid as a deposit as of March 31, 2015. In the new territories, RadioShack is present through 198 franchise stores in addition to the 55 stores that the Group already operate as franchisee in existing territories. This will allow the Group to consolidate and promote the brand amongst franchisees, and will also give it the opportunity to consolidate the expansion strategy in countries where Radio Shack currently is not present.

9. Inventories

As of December 31, 2016 the Group has an increase in inventory of $50.2 million compared to March 31, 2016; this is related mostly to operating countries that were stocked for the holiday season. Nevertheless, the subsidiaries expect to reach normal stock levels at the end of the next quarter. Additionally, this year includes inventory for our newest acquisition of OMNI in April 2016, which represents an increase of $6.8 million.

10. Acquisition of subsidiaries and businesses

a. The movement of Goodwill for the period/year ended December 31, 2016 and March 31, 2016 is as follows:

	$'000
Balance as of March 31, 2015	60,005
Arising on the acquisition of subsidiary	14,019
Effect of movements in exchange rates	(322)
Balance as of March 31, 2016	73,702
Effect of changes in exchange rates	(1,156)
Balance as of December 31, 2016	72,546

b. Effective December 24, 2015, Unicomer Latin America Co. Ltd. obtained 100% control of Wisdom Product S.A.E.C.A. in Paraguay through a cash purchase.

The Group continues its strategy to expand its business of retailing and financing of consumer durables into new markets with this acquisition which is expected to improve the Group's performance through economies of scale. The business assets and liabilities acquired were as follows:

	Pre-acquisition carrying amounts $'000	Fair value adjustments $'000	Recognized values on acquisition $'000
Net identifiable assets:			
Property and equipment	1,917	66	1,983
Intangible assets	159	11,100	11,259
Accounts receivable	27,219	-	27,219
Inventory	745	-	745
Other assets	11,539	-	11,539
Debt payable	(19,517)	-	(19,517)
Payables, taxes and other provisions	(6,841)	-	(6,841)
	15,221	11,166	26,387

(i) Consideration paid and net cash outflow on the acquisitions of the Paraguay subsidiary were as follows:

	$'000
Fair value of net assets acquired	26,387
Goodwill on acquisitions	14,019
Consideration paid for subsidiary acquired	40,406
Less: Cash acquired	(2,665)
Less: purchase of preferred shares	(7,066)
Net cash outflow arising on acquisition in the year	30,675

(ii) The total revenue included in the consolidated statement of income for the year ended March 31, 2016 contributed by the acquired business since December 24, 2015 was $5,192,261. The business also contributed net profit of $458,926 over the same period.

(iii) Had the acquired business been consolidated from April 1, 2015**,** the statement of income for the full year ended March 31, 2016 would have included revenue of $23,412,153 and net profit of $3,839,649.

c. Effective April 1, 2016 the group acquired the net assets related with the OMNI store retail operations in the countries Curacao, Bonaire and St. Maarten. The total net assets acquired in the three countries amounted to $9,608,000 and mainly comprise accounts receivable, inventory and intangible assets.

11. Loans and borrowings

	Short-term $'000	Long-term $'000
Balance as of March 31, 2016	106,948	580,581
New issues	240,140	173,056
Repayments	(171,607)	(142,708)
Other movements (include transfers to short-term debt)	2,941	(7,632)
Total borrowings as of December 31, 2016	178,422	603,297
Current portion of long-term debt as of December 31, 2016	-	(155,124)
Balance as of as of December 31, 2016	178,422	448,173

The breakdown of the borrowings as of December 31 and March 31, 2016 is as follows:

	Interest rate	December 31, 2016 Carrying amount	March 31, 2016 Carrying amount
		$'000	$'000
Short-term borrowings:			
Short-term lines of credit	2.60% - 9.23%	158,187	70,168
Short-term loans	6.00% - 13.00%	20,235	36,780
Balance as of December 31, 2016		178,422	106,948
Long-term borrowings:			
Long-term lines of credit	3.82% - 10.50%	67,439	71,554
Long-term loans	4.74% - 13.00%	533,005	506,588
Securitizations	8.00% - 9.10%	2,853	2,438
Total long-term borrowings as at December 31, 2016		603,297	580,580
Current portion of long term borrowings		(155,124)	(162,143)
Balance as of December 31, 2016		448,173	418,437

The denominations of the debt are as follows:

	December 31, 2016 $'000	March 31, 2016 $'000
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	65,579	47,588
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	424,656	341,470
Non-U.S. dollar based local functional currencies	291,484	298,470
	781,719	687,528

Financial Covenants

As of December 2016, three financials covenants were broken with two international banks for which the respective waivers have been received. Additionally, two financial covenants were not met at December 31, 2016, but these are only measured at March 31, every year. The group establishes its covenants with the banks based on seasonality and takes into consideration, measurement date when evaluating the appropriateness of a ratio.

a) On October 28, 2015, Unicoservi S.A. de C.V (El Salvador) contracted a loan on which Unicomer El Salvador, S.A. de C.V, acted as a guarantor, for an amount of US$10,000,000, for a 4 year term. The aforementioned contract included a clause for debt service coverage ratio of a minimum of 1.5 times and a maximum net debt to EBITDA of 3.75 times which must be in compliance at all times. If a default would occur, the bank has the option to call the loan.

   As of December 31, 2016, Unicoservi, S.A. de C.V. did not meet these covenants, obtaining a waiver dated March 6, 2017 from the bank.

b) On May 21, 2013 El Gallo mas Gallo de Alajuela S.A., currently named Unión Comercial de Costa, S.A, acquired a loan for US$20,000,000, for a 4 year and 7 months term. The aforementioned contract included a clause for minimum debt service coverage of 1.25 times EBITDA, which must be in compliance at all times. If a default would occur the bank has the option to call the loan.

   As of December 31, 2016, El Gallo mas Gallo de Alajuela S.A. did not meet the covenant, obtaining a waiver dated February 27, 2017 from the bank.

c) As of December 31, 2016, Regal Forest Holding Co. Ltd exceeded a net debt to EBITDA ratio of 3.50, but this covenant is only measured at financial year end March 31st every year.

d) As of December 31, 2016, Gallo más Gallo de Alajuela S.A. did not reach a debt service coverage ratio of 1.15, but this covenant is only measured at financial year end March 31st every year.

12. Provisions

	Product warranties $'000	Employee benefits $'000	Total $'000
Balance as of March 31, 2016	6,102	10,003	16,105
Charged to profit or loss	3,456	3,403	6,859
Amount used during the period	(2,301)	(750)	(3,051)
Released provision	9	(2,223)	(2,214)
Effect of movements in exchange rates	(54)	(125)	(179)
Balance as of December 31, 2016	7,212	10,308	17,520

13. Operating expenses

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

	Nine months ended December 31,	
	2016 $'000	2015 $'000
Personnel expenses	184,994	172,615
Account receivable impairment	53,978	53,396
Operating leases	49,084	45,586
Advertising	28,019	26,272
Depreciation of fixed assets	16,148	15,328
Amortization of intangibles	5,748	5,146
Freight expenses	13,987	13,534
Professional fees	12,134	9,841
Utilities	9,575	9,784
Commissions and others	9,830	9,795
Insurance warranty claims	11,511	12,452
Repair and maintenance	8,288	7,166
Telecommunications	8,123	6,908
Maintenance and leasing of computer equipment	6,354	8,741
Administrative services	445	623
Security services	5,060	4,438
Travel expenses	4,970	4,540
Insurance	3,965	4,352
Municipal tax	3,519	3,408
Charitable donations	2,333	2,994
Royalties	129	271
Other operating expenses, net	11,341	6,657
	449,535	423,847
Comprising:		
Distribution and selling expenses	368,264	354,877
Administrative expenses	81,271	68,970
Total	449,535	423,847

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

	Nine months ended December 31	
	2016	**2015**
	$'000	$'000
Wages and benefits	105,644	98,509
Commissions	33,752	31,565
Social security	16,706	15,297
Other employee benefits	28,892	27,244
	184,994	172,615

The average number of full-time-equivalent employees for the period ended December 31, 2016, was 15,331 (December 2015: 14,463).

14. 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 nine months ended December 31, 2016 was 27.29% (Nine months ended December 31, 2015: 27.65%).

15. Related-party transactions

Certain key administrative services related to the areas of information technology and logistics are provided by a related company by virtue of common directors. Principal transactions in the nine month periods with related parties are as follows:

	Nine months ended December 31	
	2016	**2015**
	$'000	$'000
Purchases of fixed assets	1	7
Purchases of merchandise	1,403	1,108
Charge for administrative services	5,226	4,145
Sales of merchandise	5	68
Income from services provided	962	600
Expenses for logistics services	1,105	2,205
Expense for operating leasing	577	516
Sale of accounts receivable portfolio	29	29,082
Interest income on loan granted to affiliates	1,672	3,978
Expenses for advertising	223	266

16. 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:

	2016 $'000	2015 $'000
Within one year	53,924	49,325
Between one and five years	237,676	111,607
After five years	85,539	49,809
	377,139	210,741

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.

17. Financial instruments

With respect to the management of liquidity risk, not only has management constantly maintained adequate access to funding but also has increased its availability within bank lines of credit. As of December 31, 2016, the Group had $330,530,000 (December 2015: $265,059,646) of lines of credit, with available head rooms totalling $85,211,932 (December 2015: $108,040,825).

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, 2016 and 2015.

18. 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.

19. Dividends

On July 24, 2016 the Group declared dividends in the amount of $19,243,000. The dividends were paid in September 7 and 12, 2016.

20. Contingent liabilities

The Group is working on a holistic strategy to address ongoing tax audits in the OECS region so as to not affect the commercial operations, satisfying tax authorities' legal powers while disputing tax authorities' resolutions in St. Kitts and in St. Vincent. There are no further developments in the tax matters relating to St. Lucia and Dominica since March 31, 2016.

21. Subsequent event

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

REGAL FOREST HOLDING CO. LTD.
AND SUBSIDIARIES

CONSOLIDATED
FINANCIAL STATEMENTS

MARCH 31, 2016

Regal Forest Holding Co. Ltd. and subsidiaries

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INDEPENDENT AUDITORS' REPORT

To the Members of
REGAL FOREST HOLDING CO. LTD.

We have audited the consolidated financial statements of Regal Forest Holding Co. Ltd. ("the Company") together with its subsidiaries (collectively, "the Group"), set out on pages F-25 to F-77, which comprise the Group's statement of financial position as at March 31, 2016, the Group's statement of income, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2016, and of the Group's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Kingston, Jamaica

August 11, 2016

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford

Nigel R. Chambers
W. Gihan C. de Mel
Nyssa A. Johnson
Wilbert Spence

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of financial position
For the year ended March 31, 2016
(expressed in U.S. dollars - Note 2.4)

	Notes	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	38,716	38,323
Accounts receivable, net	5b	587,529	544,789
Accounts receivable – company related by common control		14,883	12,001
Other receivables and prepayments		47,525	39,824
Inventories	6	231,903	230,893
Deferred acquisition costs		25,427	24,048
Prepaid income taxes		8,826	7,324
Total current assets		954,809	897,202
Non-current assets			
Accounts receivable, net	5a	248,580	222,177
Loan receivable – company related by common control		8,104	7,805
Property and equipment, net	7	153,580	146,014
Goodwill	8a	73,702	60,005
Intangible assets	9	156,364	130,628
Retirement benefit assets	10	3,307	3,873
Deferred tax assets	11a	26,222	25,910
Other assets		2,104	1,860
Total non-current assets		671,963	598,272
Total assets		1,626,772	1,495,474

The notes on pages F-31 – F-77 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of financial position
For the year ended March 31, 2016
(expressed in U.S. dollars - Note 2.4)

	Notes	2016 $'000	2015 $'000
LIABILITIES			
Current liabilities			
Bank overdrafts, secured		20	-
Short-term borrowings	12	106,948	51,851
Current portion of long-term borrowings	13	162,143	178,857
Accounts payable		139,042	131,764
Accounts payable – company related by common control		8,989	3,000
Bonuses payable	14	2,808	3,345
Unearned premiums	2.17b	66,914	66,571
Other accounts payable and accruals		69,892	63,904
Current income tax liabilities		19,194	19,241
Provision for warranties	15	6,102	5,578
Total current liabilities		582,052	524,111
Non-current liabilities			
Long-term borrowings	13	418,437	394,126
Deferred warranty income	2.17d	52,041	46,953
Bonuses payable	14	3,020	1,370
Employee benefit obligations	15	10,003	9,216
Deferred tax liabilities	11b	13,512	15,413
Total non-current liabilities		497,013	467,078
Total liabilities		1,079,065	991,189
EQUITY			
Share capital	16	181,144	181,144
Retained earnings (including statutory reserves)		434,460	379,720
Currency translation reserve	2.4c	(67,897)	(56,579)
Total equity		547,707	504,285
Total liabilities and equity		1,626,772	1,495,474

The notes on pages F-31 – F-77 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of income
For the year ended March 31, 2016
(expressed in U.S. dollars - Note 2.4)

	Notes	2016 $'000	2015 $'000
Sales	2.17a	1,120,567	1,084,862
Cost of goods sold		(802,882)	(781,840)
Gross profit on sales		317,685	303,022
Premium income	2.17b	17,835	22,065
Finance income earned on credit operations	2.17c	369,034	346,149
Total gross profit		704,554	671,236
Distribution and selling expenses	18a	(464,965)	(439,866)
Administrative expenses	18a	(86,712)	(86,391)
Other operating income, net		1,306	4,268
Operating profit		154,183	149,247
Financial income		429	967
Financial expense		(49,398)	(51,614)
Foreign exchange losses and other charges		(4,950)	(1,710)
Net finance costs		(53,919)	(52,357)
Profit before income tax		100,264	96,890
Income tax expense	19	(25,854)	(23,158)
Profit for the year		74,410	73,732

The notes on pages F-31 – F-77 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of profit or loss and other comprehensive income
For the year ended March 31, 2016
(expressed in U.S. dollars - Note 2.4)

	2016 $'000	2015 $'000
Profit for the year	74,410	73,732
Other comprehensive loss:		
Items that will never be reclassified to profit or loss:		
Remeasurement of employee benefits obligation	(500)	1,903
Related tax on remeasurement	-	(476)
Items that may be reclassified to profit or loss:		
Currency translation adjustments	(11,318)	(1,617)
Other comprehensive loss for the year	(11,818)	(190)
Total comprehensive income for the year	62,592	73,542

The notes on pages F-31 – F-77 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of changes in equity
For the year ended March 31, 2016
(expressed in U.S. dollars - Note 2.4)

	Share capital $'000 (note 16a)	Statutory reserves $'000 (note 16b)	Retained profits $'000	Currency translation reserve $'000	Total equity $'000
Balances at March 31, 2014	181,144	8,296	313,726	(54,962)	448,204
Total comprehensive income for the year					
Profit for the year	-	-	73,732	-	73,732
Other comprehensive income (loss):					
Remeasurement of employee benefit obligation, net of taxation	-	-	1,427	-	1,427
Currency translation adjustments	-	-	-	(1,617)	(1,617)
Other comprehensive gain/(loss) for the year, net of taxation	-	-	1,427	(1,617)	(190)
Total comprehensive income (loss) for the year	-	-	75,159	(1,617)	73,542
Transfers to statutory reserve	-	1,636	(1,636)	-	-
Transaction with owners recorded directly in equity:					
Dividends paid (see note 24)	-	-	(17,461)	-	(17,461)
Balances at March 31, 2015	181,144	9,932	369,788	(56,579)	504,285
Total comprehensive income for the year					
Profit for the year	-	-	74,410	-	74,410
Other comprehensive (loss):					
Remeasurement of employee benefit obligation, net of taxation	-	-	(500)	-	(500)
Currency translation adjustments	-	-	-	(11,318)	(11,318)
Other comprehensive (loss), for the year, net of taxation	-	-	(500)	(11,318)	(11,818)
Total comprehensive income (loss) for the year	-	-	73,910	(11,318)	62,592
Transfers to statutory reserve	-	1,561	(1,561)	-	-
Transaction with owners recorded directly in equity:					
Dividends paid (see note 24)	-	-	(19,170)	-	(19,170)
Balances at March 31, 2016	181,144	11,493	422,967	(67,897)	547,707

The notes on pages F-31 – F-77 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of cash flows
For the year ended March 31, 2016
(expressed in U.S. dollars - Note 2.4)

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit for the year		74,410	73,732
Adjustments for:			
Depreciation and impairment of property and equipment	7	19,734	19,865
Amortization of intangible assets and impairment	9	6,812	6,432
Loss on disposal of property and equipment and intangible assets		2,470	2,941
Increase in employee benefits provision		864	927
Increase in provision for warranties, net		627	1,489
Retirement benefits assets		157	325
Increase in unearned premium reserve		343	3,555
Deferred policy acquisition cost released to income statement		15,177	15,610
Net finance costs		53,919	52,357
Income tax expense	19	25,854	23,158
		200,367	200,391
Changes in working capital:			
Increase in accounts receivable		(41,924)	(20,972)
Decrease/(increase) in accounts receivable - related companies		4,184	(9,676)
Increase in other receivables and prepayments		(7,662)	(2,684)
Increase in retirement of benefits assets		(359)	(192)
Increase in inventories		(265)	(14,414)
Increase in deferred acquisition cost		(15,544)	(19,261)
(Increase)/decrease in other assets		(152)	1,099
(Increase)/decrease in loans receivable – related companies		(299)	1,000
(Decrease)/increase in accounts payable		(6,231)	20,053
Increase in accounts payable – related companies		6,898	2,769
Increase/(decrease) increase in bonuses payable		1,113	(856)
Increase/(decrease) in other accounts payable and accruals		4,013	(373)
Increase in deferred warranty income, net		5,088	6,049
		149,227	162,933
Interest received		429	967
Interest paid		(49,247)	(51,056)
Corporate income tax paid		(30,116)	(24,700)
Net cash provided by operating activities		70,293	88,144
Cash flows from investing activities			
Acquisition of property and equipment	7	(31,992)	(26,360)
Acquisition of intangible assets	9	(17,310)	(9,396)
Acquisition of subsidiary/business, net of cash acquired	8 (b) & (c)	(36,090)	(5,481)
Proceed from sale of subsidiary, net on cash disposal off		-	(101)
Translation adjustment in respect of foreign subsidiaries		(4,944)	(1,934)
Net cash used in investing activities		(90,336)	(43,272)
Cash flows from financing activities			
Proceeds from short-term borrowings		166,154	183,033
Repayments of short-term borrowings		(126,105)	(229,739)
Proceeds from long-term borrowings		249,962	196,202
Repayments of long-term borrowing		(246,834)	(182,155)
Dividends paid		(19,170)	(17,461)
Net cash provided/(used) in financing activities		24,007	(50,120)
Net increase/(decrease) in cash and cash equivalents		3,964	(5,248)
Cash and cash equivalents at the beginning of period		38,323	42,060
Effect of movements in exchange rates on cash and cash equivalents		(3,571)	1,511
Cash and cash equivalents at end of year		38,716	38,323

The notes on pages F-31 – F-77 are an integral part of these consolidated financial statements.

1. Reporting entity

Regal Forest Holding Co. Ltd. ("the Company") is incorporated and registered in the British Virgin Islands and its principal offices are located in San Salvador, El Salvador.

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.

The main activities of the Company and its subsidiaries ("the Group") are the operation of retail stores in Central America, Ecuador, 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.

Effective, December 24, 2015 the Group acquired the shares of Wisdom Product S.A.E.C.A, a retail operation in Paraguay, and took control of the assets and operations (Note 8).

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 2 to 54 were tabled at a meeting of the Board of Directors on June 20, 2016 and it was agreed that the Chairman approve the final issue of these financial statements, which occurred on August 11, 2016.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

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 acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquiree; 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 “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 or State of incorporation	Name of subsidiary
United States of America Group:	
British Virgin Islands	Facilito Overseas Holding Co. Ltd.
Delaware	Unicredit, Inc. Unicomer USA Holding, Inc.
Texas	Unicomer Texas, LLC
California	Unicomer West Coast, LLC (inactive)
Latin America Group:	
British Virgin Islands	Unicomer Latin America Co. Ltd.
Guatemala	Union Comercial de Guatemala, S.A. Unicoservi, S.A. Ceteco de Guatemala, S.A.
El Salvador	Union Comercial de El Salvador, S.A. de C.V. Unicoservi, S.A. de C.V. Unicomer Corporativo, S.A. de C.V.

Panamá	Samoil International Corp. Global Franchising Corporation Unicorp International Services Inc.
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	El Gallo más Gallo de Alajuela, S.A. Unión Comercial de Costa Rica Unicomer, S.A. Desalmacenadora Guayaquil, S.A. Importadora Punto Nueve, S.A. El Gallo de San Isidro, S.A.
Dominican Republic	Union Comercial de Republica Dominicana, S.A.
Paraguay	Wisdom Product S.A.E.C.A.
Caribbean Group:	
British Virgin Islands	Courts Caribbean Holding Inc (BVI)
St. Lucia	Cobalt Holding Co. Ltd. Unicomer (St. Lucia) Ltd. Cobalt Finance (St. Lucia) Ltd.
Belize	Unicomer (Belize) Ltd. Redstart Investments (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. Cobalt (Grenada) Holding Co. Ltd.
Trinidad & Tobago	Unicomer (Trinidad) Ltd. Unicomer Capital (Trinidad) Ltd.
Aruba	Unicomer (Aruba) N.V. Unicon N.V. Unicon Investment (Aruba) N.V. Hagemyer (Aruba) N.V. International Agencies Aruba N.V. Antillian Mercantile Corporation N.V.
Guyana	Unicomer (Guyana) Inc.
Barbados	Caribbean Licensing Corporation Unicomer (Barbados) Ltd.

Other subsidiaries:

British Virgin Islands	Regal Worldwide Trading (RWT) Inc.
United States of America	Regal Worldwide Trading LLC
Bermuda	Canterbury Insurance Co. Ltd.

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 U.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 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 Investment securities

The Group classifies its investments as available-for-sale, based on the purposes for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates such designation at each reporting date.

Investments classified as available-for-sale are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in market conditions.

Purchases and sales of investments are recognized at trade date, which is the date that the Group commits to purchase or sell an asset. Available-for-sale investments are initially recognized at fair value plus transaction costs and are subsequently carried at fair value.

Investments are derecognized when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Changes in the fair value of monetary available-for-sale investments are analyzed between translation differences resulting in changes in amortized cost of the security and other changes. The translation differences are recognized in profit or loss and other changes in the carrying amount are recognized in other comprehensive income. Changes in the fair value of non-monetary available-for-sale investments are recognized in other comprehensive income.

2.7 Securities purchased under resale agreements

Securities purchased under resale agreements are short-term transactions whereby the Group purchases securities and simultaneously agrees to resell the securities on a specified date and at a specified price. The difference between the sale and repurchase consideration is recognized on the effective interest basis over the period of the transaction and is included in interest income.

2.8 Accounts receivable

Customer receivables are carried at amortized cost, less allowances for impairment. An allowance for impairment of customer receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables agreement. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance is determined on the basis of historical trends of losses and recoveries.

In assessing impairment on accounts that are not past due as of the reporting date, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred.

The charges or reversal of the allowance are recognized in the consolidated statement of income within distribution and selling expenses.

2.9 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.

2.10 Property and equipment

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.

2.11 Intangible assets

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 developing or 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 2.17d).

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:

Caribbean group	15 years
Ecuador	10 years (see note 9)
Costa Rica	10 years (see note 9)
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.

2.12 Impairment of assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

a. Calculation of recoverable amounts

The recoverable amounts of the Group's loans and receivables are calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

Amortizable intangible assets are tested for impairment based on discounted future cash flows, and, if impaired, written down to recoverable value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of income even though the financial asset has not been derecognized. The amount of the cumulative loss recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 independent cash inflows, the recoverable amount is determined for the group of operating assets to which the asset belongs.

b. Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. For all other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 Revenue recognition

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 value-added tax, returns, rebates, and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

a. Sales of goods

Sales are recognized when a Group entity has delivered the product to the customer, the customer has accepted the product and collection of the related receivable is reasonably assured.

Sales are usually financed by the Group, and some are settled in cash or by credit card. The recorded revenue is the fair value amount receivable, less sales returns and discounts. Credit card fees are included in distribution and selling expenses.

b. Premiums

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.

c. Finance income

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 (see note 3.1).

d. Sales of extended warranty contracts

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 are similarly deferred and amortized.

2.18 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.

2.19 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 recognised 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 Company 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 Company recognizes the provision for bonuses based on contractual or constructive obligations.

2.20 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.

2.21 Related parties

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

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.

2.22 Financial instruments

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

a. Financial assets

The Group classifies its financial instruments as “loans and receivables” and “available-for-sale”, 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 customer accounts receivable, related party balances, cash and short-term investments.

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, trade and other payables, and related party balances were classified as financial liabilities.

c. Derivative financial instruments

The Group holds derivative financial instruments to hedge its cash flow risk exposure on certain loans.

Derivatives are measured at fair value. Changes in the fair value of the derivative hedging instruments designated as cash flow hedges are recognized directly in equity to the extent that the hedges are effective. To the extent that the hedges are ineffective, changes in fair value are recognized in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, is terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs.

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

Certain new IFRS and interpretations of, and amendments to, existing standards, which were in issue and were relevant to the Group, came into effect for the current financial year. None of these pronouncements had a material effect on the financial statements.

2.24 New standards, and interpretations of and amendments to existing standards that are not yet effective:

At the date of authorization of the financial statements, certain new, revised and amended standards and interpretations, have been issued which are not yet effective and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant to its operations and has concluded as follows:

- IAS 1 *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard.
  - the order of notes to the financial statements is not prescribed.
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Lines items can be aggregated if they are not material.
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

- IFRS 9*, Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortized cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Group will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.
  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization,* are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

  - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortization methods is in appropriate for intangible assets.

- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, which is effective for accounting periods beginning on or after January 1, 2016 allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

- Amendments to IFRS 10, *Consolidated Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures,* in respect of Sale or Contribution of Assets between an Investor and its Associate or Joint venture, are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognized when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

- *Improvements to IFRS, 2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:

  - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

  - IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

  - IAS 19, *Employee Benefits,* has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

- IFRS 16*, Leases,* which is effective for annual reporting periods beginning on or after January 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. Companies will be required to bring all major leases on-balance sheet, recognising 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 US$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:

    - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

    - a deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.

    - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.

    - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

    - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

The Group is assessing the impact that these new standards and amendments to existing standards will have on its financial statements when they become effective.

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

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.

4. Cash and cash equivalents

		2016 $'000	2015 $'000
Cash in bank and on hand	a.	34,245	20,512
Cash in savings accounts		122	8
Short-term bank deposits	b.	1,890	15,346
Restricted funds	c.	2,452	2,449
Securities purchased under resale agreements	d.	7	8
		38,716	38,323

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

b. The effective interest rate on short-term bank deposits range from 2.5% - 7.76% for both periods. These deposits have an average maturity of 30 days.

c. Unicomer de Ecuador, S.A. has restricted funds as collateral for loans with two financial institutions related with the securitization of portfolio. As of March 31, 2016 the amount of restricted funds was $2,451,746 (2015: $2,449,532).

d. Unicomer (Jamaica) Limited has entered into resale agreements for Government of Jamaica securities. The weighted average interest rate on these fixed rate resale agreements was 3.70% for both periods and these investments have an average maturity of 2 days. At March 31, 2016, the fair value of assets acquired under resale agreements approximated their carrying value.

5. Accounts receivable

a. Accounts receivable as at March 31, 2016 and 2015 are as follows:

	2016 $'000	2015 $'000
Gross accounts receivable – customers	1,014,923	943,155
Allowance for forgiveness of instalments	(7,218)	(7,312)
Gross cash loans receivable – customers	165,837	141,627
Gross interest receivable	24,631	20,465
Unearned finance income	(299,196)	(278,432)
	898,977	819,503
Less: Allowance for impairment	(62,868)	(52,537)
	836,109	766,966
Current portion of accounts receivable, net	(587,529)	(544,789)
Non-current portion of accounts receivable, net	248,580	222,177

b. Current portion of accounts receivable:

	2016 $'000	2015 $'000
Gross accounts receivable, cash loans and interest receivable – customers	871,998	790,085
Unearned finance income	(227,264)	(214,375)
Total accounts receivable due within one year	644,734	575,710
Less: Allowance for impairment	(57,205)	(30,921)
	587,529	544,789

c. The aging of the customer accounts receivable portfolio as at March 31, 2016 and 2015 is as follows:

	2016			2015		
	Gross less unearned finance income $'000	Impairment allowance $'000	Net $'000	Gross less unearned finance income $'000	Impairment allowance $'000	Net $'000
Not past due	563,834	(6,249)	557,585	540,606	(5,041)	535,565
Past due 1-30 days	181,384	(6,496)	174,888	149,484	(4,740)	144,744
Past due 31-60 days	63,597	(6,901)	56,696	52,552	(5,161)	47,391
Past due 61-90 days	28,155	(6,608)	21,547	22,362	(4,854)	17,508
Past due 91-120 days	15,632	(6,077)	9,555	12,898	(4,792)	8,106
Past due 121-180 days	22,010	(12,897)	9,113	17,678	(10,197)	7,481
Past due more than 180 days	24,365	(17,640)	6,725	23,923	(17,752)	6,171
	898,977	(62,868)	836,109	819,503	(52,537)	766,966

In computing past due amounts in its aging of accounts receivable, the Group includes the full outstanding balance (net of unearned finance income) of those accounts with installments past due.

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

	2016 $'000	2015 $'000
Balance at beginning of year	52,537	41,622
Arising on acquisition of subsidiaries	3,068	399
Impairment losses recognized	73,226	71,055
Utilized during the year	(65,653)	(60,253)
Foreign exchange adjustment	(310)	(286)
	62,868	52,537

6. Inventories

	2016 $'000	2015 $'000
Merchandise for resale	197,834	197,076
Spare parts	4,795	4,595
Goods in-transit	33,940	33,377
	236,569	235,048
Less: Allowance for impairment	(4,666)	(4,155)
	231,903	230,893

During the year, the Group recognized an expense of $2,258,779 (2015: $1,882,000) in respect of impairment allowances to reduce the inventories to their net realizable value.

7. Property and equipment

	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, 2014	107,755	53,172	45,230	8,373	26,453	8,128	249,111
Arising on acquisition of subsidiary	-	-	66	261	20	10	357
Additions	6,101	3,212	3,863	614	2,654	9,916	26,360
Transfer of subsidiary	(1,250)	-	-	-	-	(3,591)	(4,841)
Disposals	(507)	(1,111)	(1,036)	(214)	(1,681)	(229)	(4,778)
Sales	(2)	(44)	(144)	(266)	(173)	-	(629)
Transfers	120	3,754	469	41	259	(4,643)	-
Reclassifications and adjustments	(137)	1,692	425	(60)	448	(4,488)	(2,120)
Translation adjustments	(2,801)	(626)	(520)	(152)	(191)	(473)	(4,763)
Balance as of March 31, 2015	109,279	60,049	48,353	8,597	27,789	4,630	258,697
Arising on acquisition of subsidiary	1,219	467	78	6	213	-	1,983
Additions	5,280	1,768	7,770	1,575	3,453	12,146	31,992
Disposals	(23)	(828)	(2,061)	(659)	(565)	(122)	(4,258)
Sales	-	(211)	(26)	(138)	(72)	-	(447)
Transfers	111	3,908	253	60	406	(4,738)	-
Reclassifications and adjustments	(738)	925	110	14	543	(1,124)	(270)
Translation adjustments	(4,021)	(1,031)	(953)	(196)	(386)	(794)	(7,381)
Balance as of March 31, 2016	111,107	65,047	53,524	9,259	31,381	9,998	280,316
Accumulated depreciation							
Balance as of March 31, 2014	19,344	28,004	28,541	5,013	16,592	-	97,494
Depreciation for the year	2,789	6,938	5,182	952	4,004	-	19,865
Disposals	-	(556)	(845)	(183)	(1,365)	-	(2,949)
Sales	-	-	(118)	(237)	(150)	-	(505)
Reclassifications and adjustments	(316)	192	(50)	-	58	-	(116)
Translation adjustments	(204)	(222)	(425)	(102)	(153)	-	(1,106)
Balance as of March 31, 2015	21,613	34,356	32,285	5,443	18,986	-	112,683
Depreciation for the year	1,877	7,398	5,346	1,037	4,076	-	19,734
Disposals	(1)	(453)	(1,948)	(500)	(560)	-	(3,462)
Sales	-	(90)	(26)	(51)	(60)	-	(227)
Reclassifications and adjustments	(1,398)	244	1,065	(76)	194	-	29
Translation adjustments	(155)	(550)	(717)	(241)	(358)	-	(2,021)
Balance as of March 31, 2016	21,936	40,905	36,005	5,612	22,278	-	126,736
Carrying amounts:							
At March 31, 2016	89,171	24,142	17,519	3,647	9,103	9,998	153,580
At March 31, 2015	87,666	25,693	16,068	3,154	8,803	4,630	146,014

8. Acquisition of subsidiaries and businesses

a. The movement of Goodwill for the years ended March 31, 2016 and 2015 is as follows:

	$'000
Balance as of March 31, 2014:	59,072
Effect of movements in exchange rates	933
Balances as of March 31, 2015:	60,005
Arising on the acquisition of subsidiary	14,019
Effect of movements in exchange rates	(322)
Balance as of March 31, 2016:	73,702

b. On April 15, 2015, the Company acquired brands, intellectual property and contracts of RadioShack throughout Central America, South America and the Caribbean, for an amount of $5,000,000 in cash, plus additional related costs of $415,000, of which $750,000 was paid as a deposit as of March 31, 2015. In the new territories, RadioShack is present through 198 franchise stores in addition to the 55 stores that the Group already operates as franchisee. This will allow the Group to consolidate and promote the brand with current franchisees, and will also give it the opportunity to consolidate the expansion strategy in countries where it currently is not present.

c. Effective December 24, 2015, Unicomer Latin America Co. Ltd. obtained 100% control of Wisdom Product S.A.E.C.A. in Paraguay through a cash purchase.

The Group continues its strategy to expand its business of retailing and financing of consumer durables into new markets with this acquisition which is expected to improve the Group's performance through economies of scale. The business assets and liabilities acquired were as follows:

	Pre-acquisition carrying amounts $'000	Fair value adjustments $'000	Recognized values on acquisition $'000
Net identifiable assets:			
Property and equipment	1,917	66	1,983
Intangible assets	159	11,100	11,259
Accounts receivable	27,219	-	27,219
Inventory	745	-	745
Other assets	11,539	-	11,539
Debt payable	(19,517)	-	(19,517)
Payables, taxes and other provisions	(6,841)	-	(6,841)
	15,221	11,166	26,387

(i) Consideration paid and net cash outflow on the acquisitions of the Paraguay subsidiary were as follows:

	$'000
Fair value of net assets acquired:	26,387
Goodwill on acquisitions	14,019
Consideration paid for subsidiary acquired	40,406
Less: Cash acquired	(2,665)
Less: purchase of preferred shares	(7,066)
Net cash outflow arising on acquisition in the year	30,675

(ii) The total revenue included in the consolidated statement of income for the year ended March 31, 2016 contributed by the acquired business since December 24, 2015 was $5,192,261. The business also contributed net profit of $458,926 over the same period.

(iii) Had the acquired business been consolidated from April 1, 2015**,** the statement of income for the full year ended March 31, 2016 would have included revenue of $23,412,153 and net profit of $3,839,649.

The Group incurred acquisition-related costs of $780,900 related to external legal fees and due diligence costs. These costs were included in administrative expenses (Note 18).

d. Effective September 29, 2014, Cobalt Holding Company Limited formed a 100% subsidiary Unicomer (Aruba) N.V. which in turn acquired Unicon N.V. and three of its subsidiaries; Hagemyer (Aruba) N.V., International Agencies Aruba N.V. and Antillian Mercantile Corporation N.V. The business assets and liabilities acquired were as follows:

	Unicon & Subsidiaries $'000
Net identifiable assets:	
Property and equipment	357
Intangible assets	2,449
Accounts receivable	2,048
Inventory	4,220
Other assets	732
Overdraft	(215)
Payables, taxes and other provisions	(2,371)
Other liabilities	(1,644)
Total consideration on acquisition	5,576
Net identifiable assets:	
Cash consideration	5,576
Cash acquired	(95)
Net cash outflow arising on acquisition in the year	5,481

(i) The total revenue included in the statement of income for year ended March 31, 2015 contributed by the acquired business since October 1, 2014 was $7,519,000. The business also contributed net profit of $92,000 over the same period.

(ii) Had the acquired businesses been consolidated from April 1, 2014**,** the consolidated statement of income would have included revenue of $14,068,562 and profit of $103,476 for the year ended March 31, 2015.

(iii) The Group incurred acquisition-related costs of $126,971, related to external legal fees and due diligence costs. These costs were included in 'administrative expenses' in the 2015 consolidated statement of income (see Note 18).

e. On September 30, 2014 the Group completed the sale of its 100% shareholding in Redstart Investments Guyana Inc. to Redstart Investments Ltd, a subsidiary of Redstart Investment Ltd incorporated in the British Virgin Islands.

		2015 $'000
(i)	Analysis of assets and liabilities disposed of:	
	Cash and cash equivalents	164
	Other assets	428
	Property and equipment	4,687
	Bank loans	(596)
	Intercompany loan	(4,314)
	Taxes and other payable	(306)
	Net assets disposed of for the company	63

		2015 $'000
(ii)	Consideration on disposal:	
	Consideration received	63
	Cash and cash equivalents disposed of	(164)
	Net cash outflow	(101)

The net assets were transferred at book value and consideration was fully satisfied by inter-company settlement.

9. Intangible assets

	Software $'000	Brands/ trademarks $'000	Customer relationships $'000	Other intangibles $'000	Total $'000
Cost					
Balance as of March 31, 2014	19,587	70,567	51,369	373	141,896
Arising on acquisition of subsidiary	34	2,415	-	-	2,449
Additions	8,915	-	-	481	9,396
Impairment and loss on disposals	(181)	-	-	-	(181)
Reclassifications	1,200	-	-	-	1,200
Translation adjustments	172	1,212	843	-	2,227
Balance as of March 31, 2015	29,727	74,194	52,212	854	156,987
Arising on acquisition of subsidiary/business [see note 8(b) and (c)]	159	9,815	6,700	-	16,674
Additions	17,310	-	-	-	17,310
Impairment and loss on disposals	(660)	-	-	(373)	(1,033)
Reclassifications	24	-	1	-	25
Translation adjustments	(107)	(274)	(157)	-	(538)
Balance as of March 31, 2016	46,453	83,735	58,756	481	189,425
Accumulated amortization					
Balance as of March 31, 2014	7,936	-	11,883	154	19,973
Amortization for the year	1,688	-	4,698	46	6,432
Disposals	(161)	-	-	-	(161)
Translation adjustments	(56)	-	171	-	115
Balance as of March 31, 2015	9,407	-	16,752	200	26,359
Amortization for the year	1,996	-	4,734	82	6,812
Disposals	(80)	-	-	(19)	(99)
Reclasifications	(4)	-	250		246
Translation adjustments	(187)	-	(70)	-	(257)
Balance as of March 31, 2016	11,132	-	21,666	263	33,061
Carrying amounts:					
At March 31, 2016	35,321	83,735	37,090	218	156,364
At March 31, 2015	20,320	74,194	35,460	654	130,628

Key assumptions used in the calculation of recoverable amounts 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 of March 31, 2016 were as follows:

	Discount rate		Terminal value growth rate		Budgeted EBITDA growth rate	
	2016	2015	2016	2015	2016	2015
Caribbean	10.0%	13.2%	0.8%	1.6%	16.0%	11.6%
Ecuador	10.5%	10.0%	2.5%	3.0%	12.4%	3.3%
Costa Rica	9.4%	9.0%	2.5%	3.0%	11.0%	13.8%
Paraguay	10.7%	NIL	2.5%	NIL	15.3%	NIL

The discount rate is a post-tax measure estimated based on past experience and the weighted average cost of capital, which is based on a debt to equity ratio of 1.50 (2015: 1.68) at a market debt rate of 10.20% (2015: 10.40%) in the case of Ecuador, and a debt to equity ratio of 1.50 (2015: 1.55) at a market rate of 9.30% (2015: 9.90%) for Costa Rica, and a debt to equity ratio of 0.44 (2015: 0.50) at market debt rate of 10.80% (2015: 10.27%) in the case of the Caribbean, and a debt to equity ratio of 1.50 (2015: NIL) at a market rate of 9.50% (2015: NIL) for Paraguay.

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, 2016, the estimated recoverable amount of the CGU exceeded the aggregate carrying amounts of net assets, including customer relationships, brands/trademarks and goodwill, plus borrowings ("enterprise value") by approximately $55,813,000 (2015: $150,000,000) in the case of Costa Rica, $277,190,968 (2015: $178,782,058) in the case of the Caribbean, $36,072,000 (2015: $33,000,000) in the case of Ecuador, and $69,004,000 in the case of Paraguay.

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	
	2016	2015	2016	2015
Caribbean	+6.9pp	+5.7pp	-17.0pp	-11.4pp
Ecuador	+5.1pp	+10.3pp	-14.6pp	-4.7pp
Costa Rica	+1.0pp	+3.2pp	-3.2pp	-4.6pp
Paraguay	+7.9pp	NIL	-19.7pp	NIL

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 5%. 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:

	2016 $'000	2015 $'000
Present value of funded obligations	(19,211)	(16,412)
Fair value of plan assets	22,518	20,285
Asset in the statement of financial position	3,307	3,873

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

	2016 $'000	2015 $'000
Balance at beginning of year	3,873	2,203
Contributions paid	359	192
Pension expense recognized in profit or loss	(157)	(325)
Re-measurement (losses)/ gains recognized in other comprehensive income	(500)	1,903
Translation adjustments	(268)	(100)
Balance at end of year	3,307	3,873

c. Movement in the present value of obligation:

	2016 $'000	2015 $'000
Balance at beginning of year	(16,412)	(17,013)
Service costs	(376)	(464)
Interest cost	(1,358)	(1,472)
Employees' contribution	(666)	(691)
Benefits paid	472	662
Actuarial (losses)/gains arising from:		
Experience adjustments	(970)	1,687
Changes in financial assumptions	(600)	335
Translation adjustments	699	544
Balance at end of year	(19,211)	(16,412)

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

	2016 $'000	2015 $'000
Fair value of plan assets at beginning of year	20,285	19,216
Employees' contribution	666	691
Employer's contributions	359	192
Benefits paid	(472)	(662)
Interest income on plan assets	1,683	1,671
Administrative expenses paid	(106)	(60)
Remeasurement loss on assets included in other comprehensive income:	1,070	(119)
Translation adjustment	(967)	(644)
Fair value of plan assets at end of year	22,518	20,285

(ii) Plan assets consist of the following:

	2016 $'000	2015 $'000
Equities	7,192	5,865
Fixed income securities	13,473	12,115
Investment properties and real estate investment trust fund	1,261	1,226
Other	592	1,079
	22,518	20,285

e. Expense recognized in profit or loss:

	2016 $'000	2015 $'000
Current service costs	376	464
Interest income on pension plan assets	(1,683)	(1,671)
Interest cost on obligation	1,358	1,472
Administrative expenses	106	60
Net pension expense included in personnel expenses [note 18]	157	325

f. Amounts recognized in other comprehensive income:

	2016 $'000	2015 $'000
Remeasurement loss on obligation	(1,570)	2,022
Remeasurement loss on plan assets	1,070	(119)
	(500)	1,903

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 $67,455 (2015: $127,445).

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.

	2016		2015	
	1% decrease	1% increase	1% decrease	1% increase
Discount rate	2,124	(1,332)	1,927	(1,459)
Future salary increases	(465)	650	(613)	699
Future pension increases	(663)	823	(619)	16

i. Liability duration:

	2016	2015
Active members and all participants (years)	11.7	18.1

j. Defined contribution plans:

The subsidiaries' contributions for the year aggregated $553,428 (2015: $531,756).

k. The estimated pension contributions expected to be paid into both defined benefit and pension contribution plans during the next financial year is $83,606.

11. Deferred income taxes

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

a. Deferred tax assets:

	2016					2015				
	At beginning of year	Business acquisition	Recognized in income	Translation adjustments	At end of year	At beginning of year	Recognized in income	Recognized in equity	Translation adjustments	At end of year
Deferred warranty income	3,471	-	332	(78)	3,725	3,792	(165)	-	(156)	3,471
Tax effect of losses	2,274	-	(76)	(115)	2,083	2,043	231	-	-	2,274
Depreciation of Property and equipment	1,596		(440)	(141)	1,015	1,752	(135)	-	(21)	1,596
Impairment of receivables	11,344	307	(662)	(23)	10,966	9,876	1,538	-	(70)	11,344
Provision for warranties	510	-	37	(2)	545	554	(50)	-	6	510
Employee benefits	1,444	-	109	(17)	1,536	1,168	247	-	29	1,444
Allowance for impairment of Inventories	978	-	334	(5)	1,307	851	131	-	(4)	978
Unearned finance income	4,336	225	102	(18)	4,645	4,215	119	-	2	4,336
Accrued interest receivable	(160)	-	560	8	408	-	(160)	-	-	(160)
Charitable donations	3		(3)	-	-	-	3	-	-	3
Other	114	(102)	(41)	21	(8)	69	8	18	19	114
Total	25,910	430	252	(370)	26,222	24,320	1,767	18	(195)	25,910

b. Deferred tax liabilities:

	2016				2015				
	At beginning of year	Recognized in income	Translation adjustments	At end of year	At beginning of year	Recognized in income	Recognized in equity	Translation adjustments	At end of year
Property & equipment	3,355	(473)	(38)	2,844	3,706	(326)	-	(25)	3,355
Hire purchase profits	4,883	144	(290)	4,737	5,181	(290)	-	(8)	4,883
Retirement benefit assets	995	(84)	(55)	856	531	(5)	494	(25)	995
Deferred warranty income	3,047	(378)	(4)	2,665	2,532	596	-	(81)	3,047
Inventories	-	-	-	-	2,702	(2,736)	-	34	-
Interest receivable	676	(81)	(16)	579	963	(199)	-	(88)	676
Employee benefit provision	1,009	(152)	(2)	855	1,235	(243)	-	17	1,009
Allowance for forgiveness of instalments	300	(56)	-	244	245	55	-	-	300
Impairment of receivables	176	(147)	(1)	28	99	73	-	4	176
Effect of tax losses	(352)	2	19	(331)	(359)	6	-	1	(352)
Other	1,324	168	(457)	1,035	1,090	(53)	-	287	1,324
Total	15,413	(1,057)	(844)	13,512	17,925	(3,122)	494	116	15,413

As of March 31, 2016, the net deferred tax assets amounting to $541,099 (2015: $452,916) originated in Unicomer (Antigua and Barbuda) Limited 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.

12. Short-term borrowings

	Interest rates	2016 $'000	2015 $'000
Borrowings under short-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	5.00% - 6.00% (2015: 6.00%)	4,230	8,651
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	3.09% - 3.63% (2015: 2.96% - 4.00%)	29,251	2,549
Non-U.S. dollar based local functional currencies	2.60% - 9.23% (2015: 6.15% - 10.25%)	36,687	23,885
		70,168	35,085
Short-term loans:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	(2015: 7.00%)	-	7,000
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.50% - 8.95% (2015: 4.00% - 8.38%)	19,918	6,102
Non-U.S. dollar based local functional currencies	9.50% - 10.00% (2015: 4.35% - 10.00%)	16,862	3,664
		36,780	16,766
Total short-term borrowings		106,948	51,851

As of March 31, 2016, the Group has approved short-term revolving credit lines of up to $154,503,702 (2015: $165,963,000) of which $70,168,000 (2015: $35,085,000) were used, at annual interest rates between 3.09% and 10.00% (2015: 2.89% and 10.25%).

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

13. Long-term borrowings

	Interest rates	2016 $'000	2015 $'000
Long-term lines of credit (a)			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	(2015: 3.23% - 6.00%)	-	18,289
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	3.61% - 7.00% (2015: 3.25% - 4.00%)	43,861	33,428
Non-U.S. dollar based local functional currencies	3.00% - 11.00% (2015: 10.50% - 14.00%)	27,693	21,025
		71,554	72,742
Long-term loans (b)			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	4.00% - 12.92% (2015: 11.25% - 12.40%)	43,358	6,600
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	3.75% - 11.23% (2015: 4.23%- 13.00%)	248,440	296,624
Non-U.S. dollar based local functional currencies	4.21% - 12.92% (2015: 3.85% - 14.00%)	215,295	193,034
		507,093	496,258
Securitization issurance and commercial paper (c)	8.00% - 11.23%	2,438	5,332
		581,085	574,332
Less:			
Capitalized loan transaction costs:			
At beginning of the year		(1,349)	(1,551)
Arising on new loans		(150)	(356)
Translation adjustments		843	-
Amortized in interest expense for the period		151	558
		(505)	(1,349)
Carrying value of long-term borrowings		580,580	572,983
Less: Current portions of:			
Long-term loans		(113,102)	(119,578)
Lines of credit		(46,603)	(55,946)
Securitization debt		(2,438)	(3,333)
Current portion of long-term borrowings		(162,143)	(178,857)
Total long-term borrowings		418,437	394,126

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

	2016			2015
	Long-term loans	Securitization	Total	Total
	$'000	$'000	$'000	$'000
Current portion	159,705	2,438	162,143	178,857
Between 1 and 2 years	113,410	-	113,410	132,672
Between 2 and 5 years	244,586	-	244,586	252,787
Over 5 years	60,946	-	60,946	10,016
	578,647	2,438	581,085	574,332

a. The Group has approved revolving long-term credit lines of up to $124,123,730 (2015: $108,523,000), of which $71,554,000 (2015: $72,742,000) were used, at annual interest rates between 3.00% and 12.00% (2015: 3.23% and 14.00%).

b. Of the total long-term borrowings of the Group, loans in the amount of $413,725,000 (2015: $476,372,000), are priced at floating interest rates that are adjustable quarterly. The remaining long-term borrowings are at fixed rates.

c. On June 21, 2011, the Company contracted a long-term unsecured loan in the amount of $130,000,000 with an international bank at a fixed interest rate of 3.75% for the first nine months, subsequently adjustable based on market circumstances. Interest was payable quarterly and the principal was payable on April 2, 2013. The proceeds of this loan were lent to Cobalt Holding Co. Ltd. for the same period at a fixed annual interest rate of 7.7%; Cobalt Holding Co. Ltd. used the funds to repay all the outstanding First and Second Priority bank loans due from its subsidiaries. As of March 22, 2013 the outstanding balance of $60,395,029 was partially repaid with $25,000,000 being refinanced with the same financial institution, at variable interest rate of 3 month Libor plus spread of 4.25% with a new maturity date of March 22, 2018, and a new loan in the amount of $35,000,000 with another financial institution at variable interest rate of 1 month Libor plus a spread of 4%. This latter amount was fully repaid on December 2013. As of March 31, 2013 the outstanding balance of the original loan was $62,851,000 that was fully repaid on April 2, 2013. The outstanding balance of the $25,000,000 loan as of March 31, 2016 is $5,000,000 (2015: $10,000,000).

d. On September 14, 2012, the Company contracted a long-term loan in the amount of $100,000,000 with two international banks at a variable rate based on 3-month Libor plus a spread subject to a minimum all-in interest rate of 4.00%. During the first year only interest was payable quarterly. After principal prepayments made during the year ended March 31, 2014, the amortization profile was amended by the banks so that the new quarterly instalments of principal of $1,009,206 are payable beginning in the second year with a final principal payment of $56,009,206 due at maturity on September 16, 2019. The proceeds of this loan were used to acquire new subsidiaries in Costa Rica. The outstanding balance of this loan is $69,128,883 (2015: $73,165,707).

e. On March 28, 2014 the Company executed a long-term loan of $50,000,000 with an international bank bearing a fixed interest rate for a term of 5 years. The starting interest rate during the first year is 5.25%, with a 50bps annual increase from the second to the fourth year of the loan, and then a 7.00% interest rate during the fifth year. The loan principal outstanding is payable through annual instalments of $8,500,000, $10,000,000, and a final payment of $20,000,000. The outstanding balance of this loan is $38,500,000 as of March 31, 2016 (2015:$45,000,000). Loan principal repaid to date is $11,500,000.

f. On December 21, 2012, the Company contracted a long-term loan in the amount of $100,000,000 from an international bank at a variable rate based on 3-month Libor plus a spread. During the first year only interest was payable quarterly; then the loan requires quarterly principal payments starting at $1,500,000 with annual increases until a final bullet payment of $50,150,000 is due on the maturity date, December 21, 2019. The proceeds of this loan were used to repay short-term obligations to acquire new subsidiaries in Costa Rica. The outstanding balance of this loan is $80,434,653 (2015: $83,190,344). On March 27, 2015 the Group pre-paid $4,495,000 and required the bank to modify the current portion by the amount of the prepayment. On June 9, 2015 the bank approved a modification of the amortization schedule for the quarters June 2015, September 2015 and December 2015.

g. Securitizations - The subsidiary in Ecuador has issued two securitizations of cash flows receivable from credit sales. A summary of these balances at March 31, 2016 and 2015 is as follows:

Future cash flows Securitization	Contract date	Issue date	Interest rate	Term	Balance at March 31, 2016	Balance at March 31, 2015
First securitization	Sep-2010	20/12/2010 to 04/04/2011	7.00% - 5.58%	4 years	1,000	2,333
Second securitization	Feb-2012	15/02/2012 to 15/02/2013	7.00% - 8.00%	5 years	1,000	3,000
					2,000	5,333

The Paraguayan subsidiary Wisdom Product S.A.E.C.A. has issued a series of bonds. The characteristics of outstanding bonds are the following:

Bond	Issue date	Term	Amount	Annual interest rate
G3 Series 2	November 8, 2013	3 years	PYG 4,000,000,000	17.5% fixed
G5 Series 1	June 4, 2014	4 years	PYG 5,000,000,000	16.0% fixed
G3 Series 3	July 3, 2014	1,093 days	PYG 2.5 00,000,000	18.0% fixed
G5 Series 2	July 21, 2014	4 years	PYG 5,000,000,000	16.0% fixed
G5 Series 3	October 10, 2014	4years	PYG 5,000,000,000	16.0% fixed
G6 Series 1	December 5, 2014	3 years	PYG 563,000,00Q	14.0% fixed
G6 Series 2	December 19, 2014	1,057 days	PYG 625,000,000	14.0% fixed

The outstanding balance of bonds is PYG22,688,000,000 as of Mach 31, 2016 equivalent to $4,031,000.

h. The Company has issued three unsecured standby letters of credit for a total of $23,280,000 through an international bank to secure term bonds issued by Unicomer (Guyana) Inc. These term bonds are issued in Guyanese dollars in the equivalent amount of US$21,909,692.

i. On November 9, 2012, Unicomer (Trinidad) Ltd. entered into a loan facility agreement in the amount of TTD 92,488,000 (equivalent to $14,500,000) with a local bank, secured by a debenture on hire purchase receivables and stock in trade. The facility was repayable over 6 months with principal and interest at maturity date to be rolled over for further 6 month periods for a maximum period of 5 years.

j. On August 6, 2012, Unicomer (Belize) Ltd. entered into a loan facility agreement in the amount of BZD14,000,000 (equivalent to $6,854,000) with a local bank, secured with First Demand Legal Charges over real estate properties. The facility is repayable over sixty months with the principal and interest at maturity date to be rolled over for a further sixty-month term.

k. On November 23, 2012, Redstart Investments (Guyana) Inc. entered into a loan facility agreement in the amount of GYD140,000,000 (equivalent to $693,000) with a local bank, at an interest rate of 10% per annum. The loan is secured by a first mortgage on properties and assignment of rental income. On September 30, 2014 Redstart Investments (Guyana) Inc. was sold to a related party (see note 8 e.) and the loan transferred out of the Group.

l. On August 27, 2012, Unicomer (Jamaica) Ltd. authorized the private placement by way of an exempt distribution of a series of 7-year promissory Bonds ("the Bonds") denominated in Jamaican dollars ("J$") for a principal amount of up to J$5,310,000,000. On September 30, 2014, Unicomer (Jamaica) Ltd. authorized another private placement by way of an exempt distribution of a series of 7-year promissory Bonds ("the Bonds") denominated in Jamaican dollars ("J$") for a principal amount of J$1,000,000,000. On September 22, 2014, Unicomer (Jamaica) Ltd obtained J$600,000,000 in long term (7 years) loan facilities from local financial institutions. As at March 31, 2016, J$560,292,749 (2015: J$457,957,725) of this facility was utilized. Unicomer (Jamaica) Ltd. had two short term (6 months) revolving credit facilities from local financial institutions for J$500,000,000.00 each. As at March 31, 2016, J$300,000,000 (2015: J$200,000,000) was outstanding. The Bonds were fully subscribed as at March 31, 2016.

m. As of March 31, 2016, certain subsidiaries have loans payable to a U.S. financial institution in the aggregate amount of $106,499,216 (2015: $73,835,201), bearing interest at annual rates of 7.50%-12.92% (2015: 12.00% 12.40%). Regal Forest Holding Co. Ltd. and Unicomer Latin America Co. Ltd. entered into master loan participation agreements by which they purchased, without recourse or warranty from the financial institution, an undivided participation interest in these credit facilities. These loan participation agreements include $41,0000,000 (2015: $11,000,000) held by Regal Forest Holding Co. Ltd. and $65,499,216 (2015: $62,835,201) by Unicomer Latin America Co. Ltd. In the same financial institution. All loans participations have been offset against the subsidiaries' loans in the consolidated statement of financial position.

n. On August 18, 2014, Unicomer Latin America Co. Ltd. executed a revolving credit line agreement up to $20,000,000 for a term of three years within which 18 months for the payment of each disbursement. Drawdowns made under this $20,000,000 revolving line are indexed to a variable 3-month Libor base rate plus a spread with quarterly payments of principal and interest. This revolving line may be used solely by Unicomer Latin America Co. Ltd., or certain of its subsidiaries up to sub-limits as follows:

Name of company	Sub-limit $'000
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	15,000
Unión Comercial de Nicaragua, S.A. and Unicoservi, S.A.	5,000
El Gallo más Gallo de Alajuela, S.A.	15,000
Unicomer Comercial de Guatemala, S.A. and Unicoservi, S.A.	10,000

As of March 31, 2016 and 2015, Unicomer Latin America Co. Ltd. had not drawn against this revolving line.

o. As of March 31, 2016 and 2015, the Group has a $30,000,000 revolving line commitment. Drawdowns made from this $30,000,000 revolving line are indexed to a variable 3-month Libor base rate, for a term of three years with quarterly payments of principal and interest. This revolving line may be used solely by Unicomer Latin America Co. Ltd., or jointly with its subsidiaries up to certain sub-limits as follows:

Name of company	Sub-limit $'000
Unicomer Latin America Co. Ltd.	30,000
Unión Comercial de Guatemala, S.A. and Unicoservi, S.A.	10,000
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A.	10,000
Unión Comercial de Honduras, S.A. de C.V.	10,000
Unión Comercial de Nicaragua, S.A. and Unicoservi, S.A.	10,000
El Gallo más Gallo de Alajuela, S.A.	5,000

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

	2016 $'000	2015 $'000
Restricted funds	2,452	2,449
Accounts receivable	223,279	278,208
Inventories	58,818	69,710
Property and equipment	31,872	11,661
Total	316,421	362,028

14. Bonuses payable

	2016 $'000	2015 $'000
Balance at beginning of year	4,715	5,571
Charged to results of operations	3,700	5,233
Amounts paid	(2,446)	(6,079)
Translation adjustments	(141)	(10)
Balance at end of year	5,828	4,715
Amount expected to be paid within 12 months	2,808	3,345
Amount expected to be paid after more than 12 months	3,020	1,370
	5,828	4,715

15. Provisions

	Product warranties $'000	Employee benefits $'000	Total $'000
Balance as of March 31, 2014	4,134	8,442	12,576
Charged to profit for the year	9,376	1,800	11,176
Amount used during the year	(7,887)	(873)	(8,760)
Translation adjustments	(45)	(153)	(198)
Balance as of March 31, 2015	5,578	9,216	14,794
Charged to profit for the year	5,469	1,593	7,062
Amount used during the year	(4,842)	(729)	(5,571)
Translation adjustments	(103)	(77)	(180)
Balance as of March 31, 2016	6,102	10,003	16,105

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 Labor 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, totaling $1,973,107. The remaining balance of the retirement provision in that subsidiary amounted to $1,987,000 (2015: $1,686,000).

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 remaining balance of the provision as at March 31, 2016 amounted to $1,639,000.

16. Share capital and statutory reserve

a. Share capital

	2016 $'000	2015 $'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
Consideration paid for issued and fully paid ordinary shares:		
76,032,774 Class "A" Ordinary shares of $1.19 each	90,572	90,572
76,032,774 Class "B" Ordinary shares of $1.19 each	90,572	90,572
	181,144	181,144
Comprising:		
Share capital at $1 per share	152,066	152,066
Share premium	29,078	29,078
	181,144	181,144

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. Infotech elects the Chairman, who will have a double vote in case of a tie.

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. Derivative financial instruments

The Company holds derivatives to reduce variability of cash flows associated with certain variable-rate borrowings. Management has documented the effectiveness of these hedges and determined whether hedge accounting applies. The mark to market value of the derivative financial instruments is as follows:

Hedging instruments	Notional amount $'000	Termination date	2016 $'000	2015 $'000
Rate cap 2.50%	$40,000	March 28, 2017	10	19

The Company has an interest rate cap to reduce variability of cash flows associated with certain variable-rate borrowings. For both periods reported, the $40,000,000 notional amount of the derivative, which expires in March 2017, did not meet hedge accounting criteria and, accordingly, any fluctuation in its fair value has been accounted for as financial expense in profit or loss.

18. Operating expenses

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

	2016 $'000	2015 $'000
Personnel expenses	230,132	217,268
Accounts receivable – impairment	73,226	71,055
Operating leases	56,183	51,334
Advertising	30,609	30,032
Depreciation of property and equipment and impairment	19,734	19,865
Amortization of intangible assets and impairment	6,812	6,432
Freight expenses	17,379	18,829
Commissions and others	14,941	11,569
Utilities	12,860	13,981
Professional fees	11,576	6,689
Telecommunications	9,544	9,114
Repairs and maintenance	9,523	9,192
Insured warranty claims	9,400	3,030
Maintenance and leasing computer equipment	8,285	9,299
Security services	5,959	5,817
Travel expenses	5,907	5,447
Insurance	5,414	5,824
Extended warranty claims and administrative expenses	4,847	8,909
Municipal tax	4,414	2,967
Administrative services	2,701	3,802
Charitable donations	1,957	1,044
Other operating expenses, net	10,274	14,758
	551,677	526,257
Comprising:		
Distribution and selling expenses	464,965	439,866
Administrative expenses	86,712	86,391
	551,677	526,257

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

	2016 $'000	2015 $'000
Wages and benefits	132,431	124,949
Commissions	40,656	38,784
Social security and pension cost	20,356	19,866
Other employee benefits	36,689	33,669
	230,132	217,268

The average number of full-time-equivalent employees for the year ended March 31, 2016, was 14,278 (2015: 13,825).

19. Income tax expense

a. Tax expense for the year comprises the following:

	2016 $'000	2015 $'000
Current tax expense		
Current year charge	26,508	26,924
Other (alternative minimum taxes)	655	1,113
Deferred tax expense		
Effect of tax losses	74	(225)
Origination and reversal of other temporary differences	(1,383)	(4,654)
	25,854	23,158

b. Reconciliation of tax expense:

	2016 $'000	2015 $'000
Profit before income tax	100,264	96,890
Computed "expected" tax expense at subsidiaries' tax rates	21,796	21,249
Tax effect of differences between profit for financial statements and tax reporting purposes on:		
Non-deductible expenses	4,543	3,956
Non-taxable income	(2,546)	(4,028)
Tax losses	(38)	(97)
Disallowed expenses and capital items	(636)	181
Other	2,735	1,897
	25,854	23,158

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.

20. Related-party transactions

Certain key administrative services related 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:

	2016 $'000	2015 $'000
Expenses incurred for services	8,497	8,551
Purchases of merchandise	-	1,611
Expenses for advertising related materials	344	819
Purchase of fixed assets	-	26
Sales of merchandise	3,498	99
Proceeds on sale of accounts receivable portfolio	24,387	31,750
Gain on sales of portfolio	4,350	4,598
Income from services provided	351	1,370
Interest income on loan granted to related company	79	80

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

	2016 $'000	2015 $'000
Salaries and short-term benefits	7,666	7,504
Statutory contributions	131	130
Other	498	761
	8,295	8,395

21. 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:

	2016 $'000	2015 $'000
Within one year	49,479	40,386
Between one and five years	108,859	95,438
After five years	51,505	51,483
	209,843	187,307

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 a subsidiary company maintains a bank facility under which the bank issues documentary and stand-by letters of credit for up to $52,500,000 (2015: $52,500,000) to third party vendors in connection with the purchase of inventories. The Company's subsidiaries guarantee this facility as follows:

Name of subsidiary	2016 $'000	2015 $'000
Unión Comercial de Guatemala, S.A. and Unicoservi, S.A.	6,250	6,250
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	6,250	6,250
Unión Comercial de Nicaragua and Unicoservi, S.A.	6,250	6,250
Unión Comercial de Honduras, S.A. de C.V.	6,250	6,250
	25,000	25,000

(ii) A $30,000,000 revolving line of credit for Unicomer Latin America Co. Limited and its subsidiaries is guaranteed by Group subsidiaries as detailed below. At March 31, 2016 the amount drawn down against this line of credit was $14,100,397 (2015: $40,000,000).

Name of subsidiary	Guarantee up to $'000
Unión Comercial de Guatemala, S.A. and Unicoservi, S.A.	12,000
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	2,500
Unión Comercial de Honduras, S.A. de C.V.	9,000
Unión Comercial de Nicaragua, S.A. and Unicoservi, S.A.	6,000
Gallo más Gallo de Alajuela, S.A. (Costa Rica)	500
	30,000

(iii) During the years ended March 31, 2016 and 2015, the Company renewed three unsecured standby letters of credit for a total of $23,280,000 through an international bank to secure term bonds issued by Unicomer (Guyana) Inc.

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

(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.

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:

	2016						
	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	208,934	208,934	208,934	-	-	-	-
Due to related companies	8,989	8,989	8,989	-	-	-	-
Bonuses payable	5,828	5,828	5,828	-	-	-	-
Borrowings	687,528	786,588	178,204	106,334	116,215	357,736	28,099
Total	911,279	1,010,339	401,955	106,334	116,215	357,736	28,099

	2015						
	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	195,668	195,668	195,668	-	-	-	-
Due to related companies	3,000	3,000	3,000	-	-	-	-
Bonuses payable	4,715	4,715	4,715	-	-	-	-
Borrowings	624,834	737,964	164,392	120,168	138,328	295,986	19,090
Total	828,217	941,347	367,775	120,168	138,328	295,986	19,090

(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 Courts 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.

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

As of March 31, 2016 and 2015, 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		Courts Caribbean Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash and short-term deposits	581	(529)	9,241	751
Due from related companies	10,361	7,921	14,880	9,921
Loans payable	(70,411)	(40,540)	(34,211)	-
Leasing deposits	785	583	(17,273)	-
Accounts payable	(19,387)	(28,753)	(50,082)	-
Due to related companies	(35,453)	(44,953)	(42,598)	(19,999)
Gross exposure	(113,524)	(106,271)	(120,043)	(9,327)

The detail per country is as follows:

	2016												
	Unicomer Latin America Group						Courts Caribbean Group						
	GT	HN	NI	DO	CR	PYG	BB	BZ	OECS	GY	JM	TT	AW
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and short-term investments	33	54	7	122	93	272		8,173	591	34	116	313	14
Due from related companies	133	2,059	370	19	7,780	-	624	-	-	4,649	2,627	6,952	28
Leasing deposits	-	-	-	-	785	-	-	-	(17,273)	-	-	-	-
Loans payable	-	(5,000)	(47,586)	-	(17,825)	-	(10,810)	-	(7,957)	-	(5,000)	(6,125)	(4,319)
Accounts payable	(248)	(714)	(1,827)	(97)	(16,144)	(357)	-	(15,904)	(24,809)	-	(8,526)	(108)	(735)
Due to related companies	(4,408)	(4,488)	(5,690)	(4,344)	(16,523)	-	(8,492)	-	-	(1,037)	(8,282)	(24,787)	-
Gross exposure	(4,490)	(8,089)	(54,726)	(4,300)	(41,834)	(85)	(18,678)	(7,731)	(49,448)	3,646	(19,065)	(23,755)	(5,012)

	2015												
	Unicomer Latin America Group						Courts Caribbean Group						
	GT	HN	NI	DO	CR	PYG	BB	BZ	OECS	GY	JM	TT	AW
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and short-term investments	51	31	(799)	8	180	-	-	-	-	318	151	282	-
Due from related companies	39	54	18	-	7,810	-	14	3	261	1,559	514	7,570	-
Leasing deposits	-	-	-	-	583	-	-	-	-	-	-	-	-
Loans payable	-	-	(33,940)	-	(6,600)	-	-	-	-	-	-	-	-
Accounts payable	(108)	(261)	(4,101)	(85)	(24,198)	-	-	-	-	-	-	-	-
Due to related companies	(3,726)	(1,455)	-	-	(39,772)	-	(4,114)	(6,655)	(4,989)	(659)	(1,902)	(1,608)	(72)
Gross exposure	(3,744)	(1,631)	(38,822)	(77)	(61,997)	-	(4,100)	(6,652)	(4,728)	1,218	(1,237)	6,244	(72)

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:

	2016												
	Unicomer Latin America Group						Courts Caribbean Group						
	GTQ	HNL	NIC	DOP	CRC	PYG	BBD	BZD	XCD	GYD	JMD	TTD	AFL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Receivables	543,264	983,642	1,305,035	380,128	85,227,577	170,667,997	52,922	45,165	173,420	973,668	12,003,634	631,618	5,869
Cash & short-term investments	5,514	4,942	24,114	26,730	923,081	15,272,084	1,021	1,286	3,686	6,984	318,010	10,247	782
Loans	(368,124)	(752,913)	-	(65,056)	(70,369,288)	-	(558)	(23,258)	(873)	-	(6,614,712)	(49,903)	(3,685)
Accounts receivables	-	-	671	-	-	-	-	-	-	-	-	-	-
Leasing deposits	-	-	-	-	112,321	(112,604,021)	-	-	-	-	-	-	-
Payables	(87,803)	(129,333)	(79,823)	(25,350)	(18,244,021)	(25,134,285)	-	(25,041)	(44,995)	-	(26,199)	(3,717)	(1,499)
Gross exposure:													
Local currency	92,851	106,338	1,249,997	316,452	(2,350,330)	48,201,775	53,385	(1,848)	131,238	980,652	5,680,733	588,245	1,467
USD equivalent	12,040	4,665	44,218	6,912	(4,335)	8,564	19,772	(684)	48,607	4,733	46,677	89,590	820

	2015												
	Unicomer Latin America Group						Courts Caribbean Group						
	GTQ	HNL	NIC	DOP	CRC	PYG	BBD	BZD	XCD	GYD	JMD	TTD	AFL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Receivables	472,631	610,863	1,215,374	295,698	82,452,193	-	51,960	48,892	162,959	9,733,436	11,140,666	659,451	2,512
Cash & short-term investments	7,335	4,610	32,397	11,726	660,244	-	2,763	1,239	5,492	321,523	360,049	20,355	242
Loans	(317,000)	(495,505)	-	(74,223)	(27,661,192)	-	(377)	(12,667)	-	(4,539,700)	(5,702,771)	(276,500)	(260)
Leasing deposits	-	-	-	-	505,130	-	-	-	-	-	-	-	-
Payables	(76,806)	(69,829)	(64,697)	(23,748)	(21,421,730)	-	(5,369)	(22,112)	(15,752)	(359,509)	(1,969,661)	(7,139)	-
Gross exposure:													
Local currency	86,160	50,139	1,183,074	209,453	34,534,645	-	48,977	15,352	152,699	5,155,750	3,828,283	396,167	2,494
USD equivalent	11,277	2,273	43,947	4,685	64,062	-	24,436	7,516	56,555	24,882	33,357	62,488	1,393

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

	Unicomer Latin America Group						Courts Caribbean Group						
	GTQ	HNL	NIC	DOP	CRC	PYG	BBD	BZD	XCD	GYD	JMD	TTD	AFL
At March 31, 2015	7.64	22.06	26.92	44.70	539.08	NIL	2.00	2.04	2.70	207.21	114.77	6.34	1.7
At March 31, 2016	7.71	22.79	28.27	45.78	542.23	5,628.70	2.00	2.04	2.70	207.21	121.70	6.57	1.7

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, 2016 and 2015 is not significant to the profit and equity reported for the Group.

In the Courts Caribbean Group, with the exception of the Jamaican dollar, all the currencies in the Group have been relatively stable against the U.S. dollar. A 6% (2015: 10%) weakening or a 1% (2015: 1%) strengthening of the Jamaican dollar against the U.S. dollar at March 31 would have (decreased)/increased profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2016		2015	
	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000
JMD				
6% weakening (2015: 10%)	(1,069)	(1,643)	(3,032)	(2,273)
1% strengthening	178	274	303	227

- *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 uses 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:

	2016	2015
	$'000	$'000
Fixed rate instruments:		
Financial assets	874,825	778,580
Financial liabilities	(273,823)	(148,462)
	601,002	630,118
Variable rate instruments:		
Financial assets	-	26,709
Financial liabilities	(413,725)	(476,372)
	(413,725)	(449,663)

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:

As the Company holds an interest rate cap with a nominal amount of $40,000,000, a change of 100 basis points in interest rates at the reporting date would have had a positive/(negative) effect on the result of operations by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	2016		2015	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	$'000	$'000	$'000	$'000
Effect on profit for variable rate instruments	(3,843)	3,843	(3,911)	3,911

- *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.

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.

C. Offsetting agreement

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

	2016			2015		
	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	62,885	(15,360)	47,525	64,844	(25,020)	39,824
Financial liabilities:						
Other accounts payables and accruals	85,252	(15,360)	69,892	88,924	(25,020)	63,904

23. 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.

24. Dividends

	2016	2015
Dividends	19,170	17,461

During the year, a dividend of 12.61 cents (2015: 11.48 cents) per share was declared on July 24, 2015 (2015: July 16, 2014) and paid August 2015 (2015: August 2014).

25. 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. The VAT division of the Customs and Excise Department has assessed Unicomer Barbados for an amount of $502,510. A response has been prepared by our tax consultants to which $126,084 of that assessment has been agreed and has been accrued for.

b. Inland Revenue Division in Trinidad has assessed Unicomer (Trinidad) in respect of disallowed expenses of $847,500 relating to 2000 and 2001 for which supporting documents could not be provided as they were destroyed by fire in 2007. The process resolution is still pending.

c. Unicomer (Saint Lucia) Limited has received assessments from the Inland Revenue Department claiming outstanding income taxes of $3,478,000 plus penalties in respect of fiscal years 2005-2010. The subsidiary is disputing these liabilities and is in the process of resolving this issue with the Inland Revenue. The Group has had informal positive feedback from Inland Revenue on certain items (i.e. income tax on property of a building due to an amalgamation), but the other issues are under dispute at the high court.

d. Unicomer (St Kitts) Limited has received an income tax assessment from the Inland Revenue Department relating to the years 2010-2014 for $1,289,000. The Company is vigorously disputing these liabilities and is in the process of resolving these issues with the Inland Revenue Department.

e. Unicomer (St Vincent) Limited has received a corporation tax and withholding tax assessment from the Inland Revenue Department for 2007-2011 amounting to $4,713,000. An objection has been filed with the Inland Revenue Department.

f. Unicomer Dominica has received a withholding tax assessment from the Inland Revenue department of $1,341,226. A corporation tax assessment was also issued disallowing finance cost to related parties, deferred HP profit and general provision for bad debts amounting to $1,344,907. An extension has been filed for both assessments and we are currently working with the Inland Revenue department to resolve their queries prior to them issuing a final assessment.

g. Unión Comercial de El Salvador, S.A. de C.V. has received a VAT tax assessment from local tax authority for 2010 amounting to $355,399 that includes penalties and interest due to a questioning on whether services rendered by the Almacenes Siman S.A. de C.V. Information Technology department have been effectively rendered. An objection has been filed on the Administrative Tribunal and the resolution is pending.

h. El Salvador Tax Authority has assessed Unicoservi S.A. de C.V. regarding the deductibility of bad debt provision regarding fiscal year 2012. The company is appealing on the administrative court TAIIA.

i. Unión Comercial de Guatemala, S.A. has received a withholding tax assessment from the local tax authority for 2009 amounting to $505,787 due to a different interpretation on the applicable withholding on intercompany transactions with Unión Comercial de El Salvador, S.A. de C.V. The case is pending for resolution at the Administrative Court.

26. 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 and Guyana.

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

United Stated of America Group: includes the subsidiaries based in Texas and Delaware in the United States.

The company and its corresponding accounting entries are recognized as adjusting entries to the consolidated reports.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment EBITDA as a primary indicator, followed by Profit Before Income Tax (PBIT), 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.

b. Information about reportable segment

	Caribbean		Latin America		USA		Other		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
External revenues										
Sales	359,177	329,583	755,603	749,736	5,787	5,543	-	-	1,120,567	1,084,862
Premium income	17,835	22,065	-	-	-	-	-	-	17,835	22,065
Finance income on credit operations	132,788	130,179	233,658	216,595	2,452	2,024	136	(2,649)	369,034	346,149
Inter-segment revenues	2,362	7,698	-	-	-	-	313,037	276,151	315,399	283,849
Segment revenue	512,162	489,525	989,261	966,331	8,239	7,567	313,173	273,502	1,822,835	1,736,925
Depreciation/ amortization	(6,895)	(6,778)	(19,098)	(17,966)	(173)	(219)	(380)	(1,334)	(26,546)	(26,297)
Financial income – interest	79	576	270	257	-	-	7,825	11,818	8,174	12,651
Financial expense – interest	(10,905)	(11,793)	(27,143)	(28,091)	-	-	(19,095)	(23,414)	(57,143)	(63,298)
Segment profit before tax	80,450	65,599	24,147	42,416	(1,027)	(871)	85,846	63,746	189,416	170,890
Segment tax	(13,948)	(9,231)	(11,841)	(13,927)	-	-	(65)	-	(25,854)	(23,158)
Reportable segment assets	718,830	693,338	987,716	897,015	9,417	8,804	594,063	635,131	2,310,026	2,234,288
Reportable segment liabilities	321,995	329,541	599,780	524,125	3,190	1,548	364,654	381,697	1,289,619	1,236,911
Capital expenditure	16,058	13,071	15,087	13,478	230	29	2,600	139	33,975	26,717

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

	2016 $'000	2015 $'000
(i) Revenues		
Total revenues for reportable segments	1,509,662	1,463,423
Revenues for other segments	313,173	273,502
Subtotal	1,822,835	1,736,925
Elimination of inter-segment revenue	(300,729)	(270,699)
5% mark up intercompany profit for the year	(14,670)	(13,150)
Consolidated revenue	1,507,436	1,453,076
(ii) Profit or loss before tax		
Total profit or loss for reportable segments	103,570	107,144
Profit or loss for other segments	85,846	63,746
Subtotal	189,416	170,890
5% mark up intercompany profit for the year	(2,108)	(1,937)
5% crawling peg exchange rate	550	909
Dividend income between segments	(89,172)	(72,381)
Other consolidation adjustments	1,578	(591)
Consolidated profits before income tax	100,264	96,890

(iii) Assets		
Total assets for reportable segments	1,715,963	1,599,157
Assets for other segments	594,063	635,131
Subtotal	2,310,026	2,234,288
Elimination of investment in subsidiaries	(471,602)	(529,185)
Elimination of goodwill in subsidiaries	(54,823)	(54,823)
Elimination of related party loans and receivables	(165,357)	(225,587)
Other consolidation adjustments	8,528	70,781
Consolidated total assets	1,626,772	1,495,474
(iv) Liabilities		
Total liabilities for reportable segments	924,965	855,214
Liabilities of other segments	364,654	381,697
Subtotal	1,289,619	1,236,911
Elimination of related party loans and payables	(164,312)	(226,516)
Elimination of loan participations	(41,000)	(11,000)
Other consolidation adjustments	(5,242)	(8,206)
Consolidated total liabilities	1,079,065	991,189

	2016				2015			
	Reportable segment total	All other segment total	Adjustments	Consolidated total	Reportable segment Total	All other segments total	Adjustments	Consolidated total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other material items								
Financial income - interest	349	7,825	(7,745)	429	833	11,818	(11,684)	967
Financial expense - interest	(38,048)	(19,095)	7,745	(49,398)	(39,884)	(23,414)	11,684	(51,614)
Depreciation and amortization	(26,166)	(380)	-	(26,546)	(24,963)	(1,334)	-	(26,297)
Capital expenditures	31,375	2,600	-	33,975	26,578	139	-	26,717
Average full time employees	14,278	-	-	14,278	13,825	-	-	13,825

d. Geographic Information

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

	2016		2015	
		Non-current		Non-current
	Revenues	Assets	Revenues	Assets
	$'000	$'000	$'000	$'000
Jamaica	128,082	94,065	124,578	92,842
Barbados	38,385	25,851	34,393	23,843
Trinidad & Tobago	148,734	58,196	148,719	61,733
Guyana	46,312	18,607	42,635	19,138
Belize	24,636	9,367	22,341	8,589
Guatemala	132,502	23,618	116,775	22,613
El Salvador	107,684	35,066	108,359	27,575
Honduras	89,822	29,238	77,595	24,607
Nicaragua	108,350	27,850	107,278	19,455
Costa Rica	330,388	169,821	322,643	173,282
Ecuador	195,495	41,091	216,250	41,269
Paraguay	5,192	4,113	-	-
Other countries	151,854	135,080	131,510	83,326
	1,507,436	671,963	1,453,076	598,272

27. Subsequent events

a. Unicomer (Curacao) N.V., a 100% subsidiary of Cobalt Holding Co. Ltd., was incorporated on December 21, 2015 under the laws of Curacao. The company commenced trading in Curacao, Bonaire and St Maarten on April 1, 2016 with certain assets purchased from OMNI BV, OMNI (Bonaire) N.V. and Airtronic (St. Maarten) N.V. respectively.

REGAL FOREST HOLDING CO. LTD.
AND SUBSIDIARIES

CONSOLIDATED
FINANCIAL STATEMENTS

MARCH 31, 2015

Regal Forest Holding Co. Ltd. and subsidiaries

Index to the consolidated financial statements
March 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Members of
REGAL FOREST HOLDING CO. LTD.

We have audited the consolidated financial statements of Regal Forest Holding Co. Ltd. ("the Company") together with its subsidiaries (collectively, "the Group"), set out on pages F-81 to F-133, which comprise the Group's statement of financial position as at March 31, 2015, the Group's income statement, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2015, and of the Group's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Kingston, Jamaica

July 6, 2015

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of financial position
March 31, 2015
(expressed in U.S. dollars - Note 2.4)

	Notes	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	38,323	42,060
Account receivable, net	5b	544,789	533,799
Accounts receivable - company related by common control		12,001	2,325
Other receivables and prepayments		39,824	37,146
Inventories	6	230,893	212,259
Deferred acquisition costs		24,048	20,397
Prepaid income taxes		7,324	6,893
Total current assets		897,202	854,879
Non-current assets			
Accounts receivable, net	5a	222,177	210,147
Loan receivable - company related by common control		7,805	8,805
Property and equipment, net	7	146,014	151,617
Goodwill	8a	60,005	59,072
Intangible assets	9	130,628	121,923
Retirement benefits assets	10	3,873	2,203
Deferred tax assets	11a	25,910	24,320
Other assets		1,860	2,959
Total non-current assets		598,272	581,046
Total assets		1,495,474	1,435,925

The notes on pages F-87 – F-133 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of financial position
For the year ended March 31, 2015
(expressed in U.S. dollars - Note 2.4)

	Notes	2015 $'000	2014 $'000
LIABILITIES			
Current liabilities			
Short- term borrowings	12	51,851	98,482
Current portion of long-term borrowings	13	178,857	136,231
Accounts payable		131,764	111,003
Accounts payable – company related by common control		3,000	2,506
Bonuses payable	14	3,345	5,571
Unearned premiums	2.17b	66,571	63,016
Other accounts payable and accruals		63,904	63,381
Current income tax liabilities		19,241	15,134
Provision for warranties	15	5,578	4,134
Total current liabilities		524,111	499,458
Non-current liabilities			
Long-term borrowings	13	394,126	422,536
Deferred warranty income	2.17d	46,953	39,360
Bonuses Payable	14	1,370	-
Employee benefits obligation	15	9,216	8,442
Deferred tax liabilities	11b	15,413	17,925
Total non-current liabilities		467,078	488,263
Total liabilities		991,189	987,721
EQUITY			
Share capital	16	181,144	181,144
Retained earnings (including statutory reserves)		379,720	322,022
Currency translation reserve	2.4c	(56,579)	(54,962)
Total equity		504,285	448,204
Total liabilities and equity		1,495,474	1,435,925

The notes on pages F-87 – F-133 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of income
For the year ended March 31, 2015
(expressed in U.S. dollars - Note 2.4)

	Notes	2015 $'000	2014 $'000
Sales	2.17a	1,084,862	1,073,972
Cost of goods sold		(781,840)	(786,882)
Gross profit on sales		303,022	287,090
Premium income	2.17b	22,065	19,023
Finance income earned on credit operations	2.17c	346,149	338,645
Total gross profit		671,236	644,758
Distribution and selling expenses	18a	(439,866)	(413,266)
Administrative expenses	18a	(86,391)	(85,934)
Other operating income, net		4,268	5,143
Operating profit		149,247	150,701
Financial income		967	1,331
Financial expense		(51,614)	(50,137)
Foreign exchange losses and other charges		(1,710)	(12,058)
Net finance costs		(52,357)	(60,864)
Profit before income tax		96,890	89,837
Income tax expense	19	(23,158)	(22,821)
Profit for the year		73,732	67,016

The notes on pages F-87 – F-133 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of profit or loss and other comprehensive income
For the year ended March 31, 2015
(expressed in U.S. dollars - Note 2.4)

	2015 $'000	2014 $'000
Profit for the year	**73,732**	**67,016**
Other comprehensive loss:		
Items that will never be reclassified to profit or loss:		
Remeasurement of employee benefits obligation	1,903	(2,877)
Related tax on remeasurement	(476)	654
Items that may be reclassified to profit or loss:		
Currency translation adjustments	(1,617)	(23,792)
Fair value adjustment on hedge instruments	-	232
Other comprehensive loss for the year	(190)	(25,783)
Total comprehensive income for the year	73,542	41,233

The notes on pages F-87 – F-133 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of changes in equity
For the year ended March 31, 2015
(expressed in U.S. dollars - Note 2.4)

	Share capital $'000 (note 16a)	Hedge reserve $'000 (note 17)	Statutory reserves $'000 (note 16b)	Retained profits $'000	Currency translation reserve $'000	Total equity $'000
Balances as at March 31, 2013	181,144	(232)	6,895	260,334	(31,170)	416,971
Total comprehensive income for the year						
Profit for the year	-	-	-	67,016	-	67,016
Other comprehensive (loss):						
Remeasurement of employee benefit obligation, net of taxation	-	-	-	(2,223)	-	(2,223)
Fair value adjustment on hedge instruments	-	232	-	-	-	232
Currency translation adjustments	-	-	-	-	(23,792)	(23,792)
Other comprehensive (gain/loss) for the year, net of taxation	-	232	-	(2,223)	(23,792)	(25,783)
Total comprehensive income (loss) for the year	-	232	-	64,793	(23,792)	41,233
Transfers to statutory reserve	-	-	1,401	(1,401)	-	-
Transaction with owners recording directly in equity:						
Dividends paid	-	-	-	(10,000)	-	(10,000)
Balances at March 31, 2014	181,144	-	8,296	313,726	(54,962)	448,204
Total comprehensive income for the year						
Profit for the year	-	-	-	73,732	-	73,732
Other comprehensive income (loss):						
Remeasurement of employee benefit Obligation, net of taxation	-	-	-	1,427	-	1,427
Currency translation adjustments	-	-	-	-	(1,617)	(1,617)
Other comprehensive (gain/loss), for the year, net of taxation	-	-	-	1,427	(1,617)	(190)
Total comprehensive income (loss) for the year	-	-	-	75,159	(1,617)	73,542
Transfers to statutory reserve	-	-	1,636	(1,636)	-	-
Transaction with owners recording directly in equity:						
Dividends paid	-	-	-	(17,461)	-	(17,461)
Balances at March 31, 2015	181,144	-	9,932	369,788	(56,579)	504,285

The notes on pages F-87 – F-133 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of cash flows
For the year ended March 31, 2015
(expressed in U.S. dollars - Note 2.4)

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit for the year		73,732	67,016
Adjustments for:			
Depreciation and impairment of property and equipment	7	19,865	15,945
Amortization of intangible assets and impairment	9	6,432	7,467
Loss on disposal of property and equipment and intangible assets		2,941	1,914
Increase in employee benefits provision		927	3,120
Increase in provision for warranties, net		1,489	140
Retirement benefits assets		325	180
Increase in unearned premium reserve		3,555	13,351
Loss on derivative instrument		-	232
Deferred policy acquisition cost released to income statement		15,610	11,483
Net finance costs		52,357	60,864
Income tax expense	19	23,158	22,821
		200,391	204,533
Changes in working capital:			
Increase in accounts receivable		(20,972)	(68,591)
(Increase) decrease in accounts receivable - related companies		(9,676)	2,668
Increase in other receivables and prepayments		(2,684)	(7,428)
Increase in retirement of benefits assets		(192)	(197)
Increase in inventories		(14,414)	(9,695)
Increase in deferred acquisition cost		(19,261)	(18,248)
Increase in other assets		1,099	1,077
Decrease (increase) in loans receivable – related companies		1,000	(2,002)
Increase (decrease)/ in accounts payable		20,053	(671)
Increase in accounts payable - related companies		2,769	623
(Decrease) increase in bonuses payable		(856)	1,078
(Decrease) increase in other accounts payable and accruals		(373)	3,250
Increase in deferred warranty income, net		6,049	11,629
		162,933	118,026
Interest received		967	1,331
Interest paid		(51,056)	(49,797)
Corporate income tax paid		(24,700)	(31,710)
Net cash provided by operating activities		88,144	37,850
Cash flows from investing activities			
Acquisition of property and equipment	7	(26,360)	(38,282)
Acquisition of intangible assets	9	(9,396)	(5,784)
Acquisition of subsidiary, net of cash acquired	8	(5,481)	-
Proceed from sale of subsidiary, net on cash disposal off		(101)	-
Translation adjustment in respect of foreign subsidiaries		(1,934)	(18,552)
Net cash used in investing activities		(43,272)	(62,618)
Cash flows from financing activities			
Proceeds from short-term borrowings		183,033	157,200
Repayments of short-term borrowings		(229,739)	(200,716)
Proceeds from long-term borrowings		196,202	311,106
Repayments of long-term borrowings		(182,155)	(261,141)
Dividends paid		(17,461)	(10,000)
Net cash used in financing activities		(50,120)	(3,551)
Net decrease in cash and cash equivalents		(5,248)	(28,319)
Cash and cash equivalents at the beginning of period		42,060	75,060
Effect of movements in exchange rates on cash and cash equivalents		1,511	(4,681)
Cash and cash equivalents at end of year		38,323	42,060

The notes on pages F-87 – F-133 are an integral part of these consolidated financial statements.

1. Reporting entity

Regal Forest Holding Co. Ltd. ("the Company") is incorporated and registered in the British Virgin Islands and its principal offices are located in San Salvador, El Salvador.

The Company is a subsidiary of Infotech of the Caribbean and Central America Corp. ("Infotech"), which owns 50% of the share capital and is controlled by Milady Associates Ltd. The other 50% is held by Gromeron, SLU, which is owned by El Puerto de Liverpool, SAB 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, Ecuador, 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.

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 2 to 54 were tabled at a meeting of the Board of Directors on June 22, 2015 and it was agreed that the Chairman approve the final issue of these financial statements, which occurred on July 6, 2015.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

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 acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquiree; 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.

2.3 Basis of consolidation

(i) Business combinations

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 “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 or State of incorporation	Name of subsidiary
United States of America Group:	
British Virgin Islands	Facilito Overseas Holding Co. Ltd.
Delaware	Unicredit, Inc. Unicomer USA Holding, Inc.
Texas	Unicomer Texas, LLC
California	Unicomer West Coast, LLC (inactive)
Latin America Group:	
British Virgin Islands	Unicomer Latin America Co. Ltd.
Guatemala	Unión Comercial de Guatemala, S.A. Unicoservi, S.A. Ceteco de Guatemala, S.A.
El Salvador	Unión Comercial de El -Salvador, S.A. de C.V. Unicoservi, S.A. de C.V.
Panama	Samoil International Corp.
Nicaragua	Unión Comercial de Nicaragua, S.A.

	Unicoservi, S.A.
Ecuador	Artefactos Ecuatorianos para el Hogar, S.A. de C.V. Serviantares, S.A. de C.V. (*) Tecnilabores, S.A. de C.V. (*)
Honduras	Unión Comercial de Honduras, S.A. de C.V.
Costa Rica	El Gallo más Gallo de Alajuela, S.A. Unión Comercial de Costa Rica Unicomer, S.A. Distribuidora Guayaquil, S.A. Importadora Punto Nueve, S.A. El Gallo de San Isidro, S.A.
Dominican Republic	Unión Comercial de República Dominicana, S.A.
Caribbean Group:	
British Virgin Islands	Courts Caribbean Holding Inc (BVI)
St. Lucia	Cobalt Holding Co. Ltd. Unicomer (St. Lucia) Ltd. Cobalt Finance (St. Lucia) Ltd.
Belize	Unicomer (Belize) Ltd. Redstart Investments (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. Cobalt (Grenada) Holding Co. Ltd.
Trinidad & Tobago	Unicomer (Trinidad) Ltd. Unicomer Capital (Trinidad) Ltd.
Aruba	Unicomer (Aruba) N.V. Unicon N.V. Hagemeyer (Aruba) N.V. International Agencies Aruba N.V. Antillian Mercantile Corporation N.V.
Guyana	Unicomer (Guyana) Inc.
Barbados	Caribbean Licensing Corporation Unicomer (Barbados) Ltd.
Other subsidiaries:	
British Virgin Islands	Regal Worldwide Trading (RWT) Inc.
United States Of America	Regal Worldwide Trading LLC
Bermuda	Canterbury Insurance Co. Ltd.

(*) Merged with Artefactos Ecuatorianos para el Hogar, S.A. de C.V. on July 2014.

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 U.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 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 Investment securities

The Group classifies its investments as available-for-sale, based on the purposes for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates such designation at each reporting date.

Investments classified as available-for-sale are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in market conditions. Purchases and sales of investments are recognized at trade date, which is the date that the Group commits to purchase or sell an asset. Available-for-sale investments are initially recognized at fair value plus transaction costs and are subsequently carried at fair value.

Investments are derecognized when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Changes in the fair value of monetary available-for-sale investments are analyzed between translation differences resulting in changes in amortized cost of the security and other changes. The translation differences are recognized in profit or loss and other changes in the carrying amount are recognized in other comprehensive income. Changes in the fair value of non-monetary available-for-sale investments are recognized in other comprehensive income.

2.7 Securities purchased under resale agreements

Securities purchased under resale agreements are short-term transactions whereby the Group purchases securities and simultaneously agrees to resell the securities on a specified date and at a specified price. The difference between the sale and repurchase consideration is recognized on the effective interest basis over the period of the transaction and is included in interest income.

2.8 Accounts receivable

Customer receivables are carried at amortized cost, less allowances for impairment. An allowance for impairment of customer receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables agreement. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance is determined on the basis of historical trends of losses and recoveries.

In assessing impairment on accounts that are not past due as of the reporting date, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred.

The charges or reversal of the allowance are recognized in the consolidated statement of income within distribution and selling expenses.

2.9 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.

2.10 Property and equipment

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.

2.11 Intangible assets

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 acquiree. 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 developing or 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 2.17d).

f. Amortization

Amortization is recognized in the consolidated statement of income 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:

Caribbean group	15 years
Ecuador	10 years (see note 9)
Costa Rica	10 years (see note 9)

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

2.12 Impairment of assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

a. Calculation of recoverable amounts

The recoverable amounts of the Group's loans and receivables are calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

Amortizable intangible assets are tested for impairment based on discounted future cash flows, and, if impaired, written down to recoverable value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of income even though the financial asset has not been derecognized. The amount of the cumulative loss recognized in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 independent cash inflows, the recoverable amount is determined for the group of operating assets to which the asset belongs.

b. Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. For all other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

2.13 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.

2.14 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.

2.15 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.

2.16 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 Board of Directors. Dividends payable are recognized when declared.

2.17 Revenue recognition

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 value-added tax, returns, rebates, and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

a. Sales of goods

Sales are recognized when a Group entity has delivered the product to the customer, the customer has accepted the product and collection of the related receivable is reasonably assured.

Sales are usually financed by the Group, and some are settled in cash or by credit card. The recorded revenue is the fair value amount receivable, less sales returns and discounts. Credit card fees are included in distribution and selling expenses.

b. Premiums

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.

c. Finance income

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 (see note 3.1).

d. Sales of extended warranty contracts

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 are similarly deferred and amortized.

2.18 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.

2.19 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 the consolidated statement of income 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.

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 Company 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 Company recognizes the provision for bonuses based on contractual or constructive obligations.

2.20 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 equity, 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.

2.21 Related parties

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

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

   (i) has control or joint control over the reporting entity;

   (ii) has significant influence over the reporting entity; or

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

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

   (i) The entity and the reporting entity 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

   (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).

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

2.22 Financial instruments

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

a. Financial assets

   The Group classifies its financial instruments as "loans and receivables" and "available-for-sale", 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 customer accounts receivable, related party balances, cash and short-term investments.

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, trade and other payables, and related party balances were classified as financial liabilities.

c. Derivative financial instruments

The Group holds derivative financial instruments to hedge its cash flow risk exposure on certain loans.

Derivatives are measured at fair value. Changes in the fair value of the derivative hedging instruments designated as cash flow hedges are recognized directly in equity to the extent that the hedges are effective. To the extent that the hedges are ineffective, changes in fair value are recognized in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, is terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs.

2.23 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 financial year under review. The Group has adopted the following amendment, applicable to its operations. The nature and effects of the changes are as follows:

Amendments to IAS 32, *Financial Instruments: Presentation*, which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognized amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realize the asset and settle the liability simultaneously (see note 22c).

2.24 New standards, and interpretations of and amendments to existing standards that are not yet effective:

At the date of authorization of the financial statements, certain new, revised and amended standards and interpretations, have been issued which are not yet effective and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant to its operations and has concluded as follows:

- IAS *1 Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

  - specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard
  - the order of notes to the financial statements is not prescribed.
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Lines items can be aggregated if they are not material.
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss

- IFRS 9*, Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortized cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2017. It replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue - Barter Transactions Involving Advertising Services.*

  The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization,* are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

  - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is in appropriate for intangible assets.

- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, which is effective for accounting periods beginning on or after January 1, 2016 allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

- Amendments to IFRS 10, *Consolidated Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures,* in respect of Sale or Contribution of Assets between an Investor and its Associate or Joint venture, are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognized when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the Group are as follows:

  - IFRS 3, *Business Combinations* is amended to clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32, *Financial Instruments: Presentation*, rather than to any other IFRSs. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in profit or loss. Consequential amendments are also made to IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 9, *Financial Instruments* to prohibit contingent consideration from subsequently being measured at amortized cost. In addition, IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* is amended to exclude provisions related to contingent consideration of an acquirer. IFRS 3, has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11, *Joint Arrangements* i.e. including joint operations in the financial statements of the joint arrangements themselves.

  - IFRS 13*, Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39, and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

- IAS 24, *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

- Amendments to IAS 19, *Defined Benefit Plans*: *Employee Contributions,* effective for annual periods beginning on or after July 1, 2014, clarify the requirements that relate to how contributions from employees or third parties that are linked to services should be attributed to periods of services. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of services.

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization,* are effective for accounting periods beginning on or after January 1, 2016.
  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
  - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.
- *Improvements to IFRS, 2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:
  - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.
  - IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

- IAS 19, *Employee Benefits,* has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

The Group is assessing the impact that these new standards, interpretations of and amendments to existing standards will have on its financial statements when they become effective.

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

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 statement of financial position and statement of 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.

4. Cash and cash equivalents

		2015 $'000	2014 $'000
Cash in bank and on hand	a.	20,512	22,181
Cash in savings accounts		8	11
Short-term bank deposits	b.	15,346	13,117
Restricted funds	c.	2,449	6,375
Securities purchased under resale agreements	d.	8	376
		38,323	42,060

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

b. The effective interest rate on short-term bank deposits range from 0.02% - 6.1%. (2014: 0.02% – 5.0%). These deposits have an average maturity of 30 days.

c. Artefactos Ecuatorianos para El Hogar, S.A. ARTEFACTA has restricted funds as collateral for loans with two financial institutions related with the securitization of portfolio. As of March 31 2015 the amount of restricted funds was $2,449,532 (2014: $6,375,407)

d. Unicomer (Jamaica) Limited has entered into resale agreements for Government of Jamaica Securities. The weighted average interest rate on these fixed rate resale agreements was 3.70% (2014: 2.49%) and these investments have an average maturity of 2 days. At March 31, 2015, the fair value of assets acquired under resale agreements approximated their carrying value.

5. Accounts receivable

a. Accounts receivable as at March 31, 2015 and 2014 are as follows:

	2015 $'000	2014 $'000
Gross accounts receivable – customers	943,155	950,576
Allowance for forgiveness of instalments	(7,312)	(7,926)
Gross cash loans receivable – customers	141,627	94,629
Gross interest receivable	20,465	20,032
Unearned finance income	(278,432)	(271,743)
	819,503	785,568
Less: Allowance for impairment	(52,537)	(41,622)
	766,966	743,946
Current portion of accounts receivable, net	(544,789)	(533,799)
Non-current portion of accounts receivable, net	222,177	210,147

b. Current portion of accounts receivable:

	2015 $'000	2014 $'000
Gross accounts receivable, cash loans and interest receivable – customers	790,085	765,808
Unearned finance income	(214,375)	(204,745)
Total accounts receivable due within one year	575,710	561,063
Less: Allowance for impairment	(30,921)	(27,264)
	544,789	533,799

c. The aging of the customer accounts receivable portfolio as at March 31, 2015 and 2014 is as follows:

	2015			2014		
	Gross less unearned finance income $'000	Impairment allowance $'000	Net $'000	Gross less unearned finance income $'000	Impairment allowance $'000	Net $'000
Not past due	540,606	(5,041)	535,565	519,213	(3,642)	515,571
Past due 1-30 days	149,484	(4,740)	144,744	143,641	(3,330)	140,311
Past due 31-60 days	52,552	(5,161)	47,391	52,803	(3,921)	48,882
Past due 61-90 days	22,362	(4,854)	17,508	21,434	(3,943)	17,491
Past due 91-120 days	12,898	(4,792)	8,106	11,696	(3,792)	7,904
Past due 121-180 days	17,678	(10,197)	7,481	16,424	(8,447)	7,977
Past due more than 180 days	23,923	(17,752)	6,171	20,357	(14,547)	5,810
	819,503	(52,537)	766,966	785,568	(41,622)	743,946

In computing past due amounts in its aging of accounts receivable, the Group includes the full outstanding balance (net of unearned finance income) of those accounts with instalments past due.

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

	2015 $'000	2014 $'000
Balance at beginning of year	41,622	33,639
Arising on acquisition of subsidiaries	399	-
Impairment losses recognized	71,055	60,200
Utilized during the year	(60,253)	(51,676)
Foreign exchange adjustment	(286)	(541)
	52,537	41,622

6. Inventories

	2015 $'000	2014 $'000
Merchandise for resale	197,076	182,591
Spare parts	4,595	3,229
Goods in-transit	33,377	30,462
	235,048	216,282
Less: Allowance for impairment	(4,155)	(4,023)
	230,893	212,259

During the year, the Group recognized an expense of $1,882,000 (2014: $1,011,000) in respect of impairment allowances to reduce the inventories to their net realizable value.

7. Property and equipment

	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, 2013	104,678	42,348	42,703	7,698	20,262	4,119	221,808
Additions	7,371	5,211	7,878	1,534	5,499	10,789	38,282
Disposals	(253)	958	(4,440)	(440)	1,212	(909)	(3,872)
Sales	-	(4)	(3)	(174)	(85)	-	(266)
Transfers	380	4,410	280	-	359	(5,429)	-
Reclassifications and adjustments	(910)	889	12	-	(302)	(333)	(644)
Translation adjustments	(3,511)	(640)	(1,200)	(245)	(492)	(109)	(6,197)
Balance as of March 31, 2014	107,755	53,172	45,230	8,373	26,453	8,128	249,111
Arising on acquisition of subsidiary	-	-	66	261	20	10	357
Additions	6,101	3,212	3,863	614	2,654	9,916	26,360
Transfer of subsidiary	(1,250)	-	-	-	-	(3,591)	(4,841)*
Disposals	(507)	(1,111)	(1,036)	(214)	(1,681)	(229)	(4,778)
Sales	(2)	(44)	(144)	(266)	(173)	-	(629)
Transfers	120	3,754	469	41	259	(4,643)	-
Reclassifications and adjustments	(137)	1,692	425	(60)	448	(4,488)	(2,120)
Translation adjustments	(2,801)	(626)	(520)	(152)	(191)	(473)	(4,763)
Balance as of March 31, 2015	109,279	60,049	48,353	8,597	27,789	4,630	258,697

	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
Accumulated depreciation							
Balance as of March 31, 2013	16,898	21,350	26,892	4,816	15,077	-	85,033
Depreciation for the year	1,557	5,817	4,562	857	3,152	-	15,945
Disposals	(124)	1,037	(2,091)	(373)	(868)	-	(2,419)
Sales	-	2	(3)	(139)	(54)	-	(194)
Reclassifications and adjustments	(80)	89	(8)	(1)	(370)	-	(370)
Translation adjustments	1,093	(291)	(811)	(147)	(345)	-	(501)
Balance as of March 31, 2014	19,344	28,004	28,541	5,013	16,592	-	97,494
Depreciation for the year	2,789	6,938	5,182	952	4,004	-	19,865
Disposals	-	(556)	(845)	(183)	(1,365)	-	(2,949)
Sales	-	-	(118)	(237)	(150)	-	(505)
Reclassifications and adjustments	(316)	192	(50)	-	58	-	(116)
Translation adjustments	(204)	(222)	(425)	(102)	(153)	-	(1,106)
Balance as of March 31, 2015	21,613	34,356	32,285	5,443	18,986	-	112,683
Carrying amounts:							
At March 31, 2015	87,666	25,693	16,068	3,154	8,803	4,630	146,014
At March 31, 2014	88,411	25,168	16,689	3,360	9,861	8,128	151,617

8. Acquisition of subsidiaries and businesses

a. The movement of Goodwill for the years ended March 31, 2015 and 2014 is as follows:

	$'000
Balance as of March 31, 2013:	62,830
Impairment for the year	(404)
Effect of movements in exchange rates	(3,354)
Balances as of March 31, 2014:	59,072
Effect of movements in exchange rates	933
Balance as of March 31, 2015:	60,005

b. Effective September 29, 2014, Cobalt Holding Company Limited formed a 100% subsidiary Unicomer (Aruba) N.V. which in turn acquired Unicon N.V. and three of its subsidiaries; Hagemeyer (Aruba) N.V., International Agencies Aruba N.V. and Antillian Mercantile Corporation N,V.

The Group continues its strategy to expand its business of retailing and financing of consumer durables into new markets with this acquisition which is expected to improve the Group's performance through economies of scale. The business assets and liabilities acquired were as follows:

	Unicon & Subsidiaries $'000
Net identifiable assets:	
Property and equipment	357
Intangible assets	2,449
Accounts receivable	2,048
Inventory	4,220
Other assets	732
Overdraft	(215)
Payables, taxes and other provisions	(2,371)
Other liabilities	(1,644)
Total consideration on acquisition	5,576
Net identifiable assets:	
Cash consideration	5,576
Cash acquired	(95)
Net cash outflow arising on acquisition in the year	5,481

(i) The total revenue included in the income statement for year ended March 31, 2015 contributed by the acquired business since October 1, 2014 was $7,519,000. The business also contributed profit of $92,000 over the same period.

(ii) Had the acquired businesses been consolidated from April 1, 2014**,** the income statement of March 31, 2015 would have included revenue of $14,068,562 and profit of $103,476 for the year ended March 31, 2015.

(iii) The Group incurred acquisition-related costs of $126,971, related to external legal fees and due diligence costs. These costs were included in 'administrative expenses' in the 2015 consolidated income statement (see Note 18).

c. On September 30, 2014 the Group completed the sale of its 100% shareholding in Redstart Investments Guyana Inc. to Redstart Investments Ltd, a subsidiary of Redstart Investment Ltd which is incorporated in British Virgin Islands.

	2015 $'000
(i) Analysis of assets and liabilities disposed of:	
Cash and cash equivalents	164
Other assets	428
Property and equipment	4,687
Bank loans	(596)
Intercompany loan	(4,314)
Taxes and other payables	(306)
Net assets disposed of for the company	63

		2015 $'000
(ii)	Consideration on disposal:	
	Consideration received	63
	Cash and cash equivalents disposed of	(164)
	Net cash outflow	(101)

The net assets were transferred at book value and consideration was fully satisfied by inter-company settlement.

9. Intangible assets

	Software $'000	Brands/ trademarks $'000	Customer relationships $'000	Other intangibles $'000	Total $'000
Cost					
Balance as of March 31, 2013	14,410	74,961	54,319	278	143,968
Additions	5,689	-	-	95	5,784
Impairment and loss on disposals	(854)	-	-	-	(854)
Transfer of subsidiary	192	-	-	-	192
Reclassifications	294	-	-	-	294
Translation adjustments	(144)	(4,394)	(2,950)	-	(7,488)
Balance as of March 31, 2014	19,587	70,567	51,369	373	141,896
Arising on acquisition of subsidiary	34	2,415	-	-	2,449
Additions	8,915	-	-	481	9,396
Impairment and loss on disposals	(181)	-	-	-	(181)
Reclassifications	1,200	-	-	-	1,200
Translation adjustments	172	1,212	843	-	2,227
Balance as of March 31, 2015	29,727	74,194	52,212	854	156,987
Accumulated amortization					
Balance as of March 31, 2013	6,691	-	6,817	104	13,612
Amortization for the year	1,559	-	5,454	50	7,063
Disposals	(544)	-	-	-	(544)
Reclassifications	291	-	-	-	291
Translation adjustments	(61)	-	(388)	-	(449)
Balance as of March 31, 2014	7,936	-	11,883	154	19,973
Amortization for the year	1,688	-	4,698	46	6,432
Disposals	(161)	-	-	-	(161)
Translation adjustments	(56)	-	171	-	115
Balance as of March 31, 2015	9,407	-	16,752	200	26,359
Carrying amounts:					
At March 31, 2015	20,320	74,194	35,460	654	130,628
At March 31, 2014	11,651	70,567	39,486	219	121,923

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value growth rates and EBITDA growth rate. 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 of March 31, 2015 were as follows:

	Discount rate		Terminal value growth rate		Budgeted EBITDA growth rate*	
	2015	2014	2015	2014	2015	2014
Costa Rica	9.0%	8.0%	3.0%	3.0%	13.8%	18.1%
Caribbean	13.2%	11.6%	1.6%	4.2%	11.6%	10.8%
Ecuador	10.0%	12.0%	3.0%	3.0%	3.3%	6.4%

* Compound annual growth rate for next five years for Ecuador and Costa Rica and Caribbean.

The discount rate is a post-tax measure estimated based on past experience and the weighted average cost of capital, which is based on a debt to equity ratio of 1.68 (2014: 1.53) at a market debt rate of 10.4% (2014: 11.9%) in the case of Ecuador; and 1.55 (2014: 1.92) and 9.9% (2014: 7.8%) in the case of Costa Rica, and 0.5 (2014: 0.6) and 10.27% (2014: 10.22%) in the case of the Caribbean.

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 expectation 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, 2015, the estimated recoverable amount of the CGU, exceeded the aggregate carrying amounts of net assets, including customer relationships, brands/trademarks and goodwill, plus borrowings ("enterprise value") by approximately $150,000,000 (2014: $236,000,000) in the case of Costa Rica, $178,782,058 (2014: $377,979,822) in the case of the Caribbean and $33,000,000 (2014: $51,000,000) in the case of Ecuador. 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	
	2015	2014	2015	2014
Costa Rica	+3.3pp	+4.7pp	-4.6pp	-7.4pp
Caribbean	+5.7pp	+7.3pp	-11.4pp	-15.1pp
Ecuador	+10.3pp	+1.2pp	-4.7pp	-1.8pp

10. Retiremente 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 5%. 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:

	2015 $'000	2014 $'000
Present value of funded obligations	(16,412)	(17,013)
Fair value of plan assets	20,285	19,216
Asset in the statement of financial position	3,873	2,203

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

	2015 $'000	2014 $'000
Balance at beginning of year	2,203	5,122
Contributions paid	192	197
Pension expense recognized in profit or loss	(325)	(180)
Re-measurement gain / (loss) recognized in other comprehensive income	1,903	(2,877)
Translation adjustments	(100)	(59)
Balance at end of year	3,873	2,203

c. Movement in the present value of obligation:

	2015 $'000	2014 $'000
Balance at beginning of year	(17,013)	(14,020)
Service costs	(464)	(387)
Interest cost	(1,472)	(1,325)
Employees' contribution	(691)	(652)
Benefits paid	662	973
Actuarial gains arising from:		
Experience adjustments	1,687	(2,569)
Changes in financial assumptions	335	(128)
Translation adjustments	544	1,095
Balance at end of year	(16,412)	(17,013)

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

	2015 $'000	2014 $'000
Fair value of plan assets at beginning of year	19,216	19,142
Employees' contribution	691	652
Employer's contributions	192	197
Benefits paid	(662)	(973)
Interest income on plan assets	1,671	1,449
Administrative expenses paid	(60)	(38)
Remeasurement loss on assets included in other comprehensive income:	(119)	(180)
Translation adjustment	(644)	(1,033)
Fair value of plan assets at end of year	20,285	19,216

(ii) Plan assets consist of the following:

	2015 $'000	2014 $'000
Equities	5,865	5,225
Fixed income securities	12,115	11,524
Investment properties and real estate investment trust fund	1,226	1,248
Other	1,079	1,219
	20,285	19,216

e. Expense recognized in profit or loss:

	2015 $'000	2014 $'000
Current service costs	464	387
Interest income on pension plan assets	(1,671)	(1,696)
Interest cost on obligation	1,472	1,325
Administrative expenses	60	164
Net pension expense included in personnel expenses [note 18]	325	180

f. Amounts recognized in other comprehensive income:

	2015 $'000	2014 $'000
Remeasurement loss on obligation	2,022	(2,697)
Remeasurement loss on plan assets	(119)	(180)
	1,903	(2,877)

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 $127,445.

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.

	2015		2014	
	1% decrease	1% increase	1% decrease	1% increase
Discount rate	1,927	(1,459)	2,411	(1,825)
Future salary increases	(613)	699	(832)	957
Future pension increases	(619)	716	(765)	885

i. Liability duration:

	2015	2014
Active members and all participants (years)	18.1	15.5

j. Defined contribution plans:

The subsidiaries' contributions for the year aggregated $531,756 (2014: $518,942).

k. The estimated pension contributions expected to be paid into both defined benefit and pension contribution plans during the next financial year is $736,651.

11. Deferred income taxes

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

a. Deferred tax assets:

	2015					2014				
	At beginning of year	Recognized in income	Recognized in equity	Translation adjustments	At end of year	At beginning of year	Recognized in equity	Recognized in income	Translation adjustments	At end of year
Deferred warranty income	3,581	(165)	-	(156)	3,260	3,411	-	217	(47)	3,581
Tax effect of losses	2,043	231	-	-	2,274	1,366	-	677	-	2,043
Depreciation of Property and equipment	1,751	(135)	-	(21)	1,595	1,849	-	(88)	(10)	1,751
Impairment of receivables	9,876	1,538	-	(70)	11,344	3,234	-	6,937	(295)	9,876
Provision for warranties	410	(50)	-	6	366	646	-	(223)	(13)	410
Employee benefits	1,146	247	-	29	1,422	482	-	675	(11)	1,146
Allowance for impairment of Inventories	996	131	-	(4)	1,123	987	-	36	(27)	996
Unearned finance income	4,083	119	-	2	4,204	4,135	-	(53)	1	4,083
Accrued interest receivable	-	(160)	-	-	(160)	-	-	-	-	-
Charitable donations	-	3	-	-	3	-	-	-	-	-
Other	434	8	18	19	479	208	(28)	257	(3)	434
Total	24,320	1,767	18	(195)	25,910	16,318	(28)	8,435	(405)	24,320

b. Deferred tax liabilities:

	2015					2014				
	At beginning of year	Recognized in income	Recognized in equity	Translation adjustments	At end of year	At beginning of year	Recognized in equity	Recognized in income	Translation adjustments	At end of year
Deferred warranty income	3,704	(326)	-	(25)	3,353	4,298	-	(406)	(188)	3,704
Hire purchase profits	5,181	(290)	-	(8)	4,883	4,725	-	523	(67)	5,181
Retirement benefit-assets	531	(5)	494	(25)	995	1,446	(682)	(143)	(90)	531
Deferred warranty expense	2,531	596	-	(81)	3,046	1,971	-	569	(9)	2,531
Allowance for impairment of inventories	2,702	(2,736)	-	34	-	2,706	-	235	(239)	2,702
Interest receivable	972	(199)	-	(88)	685	1,079	-	(100)	(7)	972
Employee benefit provision	1,228	(243)	-	17	1,002	1,014	-	211	3	1,228
Allowance for forgiveness of instalments	218	55	-	-	273	295	-	(77)	-	218
Impairment of receivables	99	73	-	4	176	131	-	(33)	1	99
Effect of tax losses	(358)	6	-	1	(351)	(285)	-	(73)	-	(358)
Other	1,117	(53)	-	287	1,351	693	-	801	(377)	1,117
Total	17,925	(3,122)	494	116	15,413	18,073	(682)	1,507	(973)	17,925

As of March 31, 2015, the net deferred tax assets amounting $452,916 (2014: $460,735) have not been recognized in respect of the accumulated excess of tax losses and finance lease obligations over deferred tax liabilities, as management does not have a definite tax planning or operational strategy for utilizing these deferred tax assets within the foreseeable future.

12. Short-term borrowings

	Interest rates	2015 $'000	2014 $'000
Borrowings under short-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	6.00% (2014: 4.32% - 5.45%)	8,651	23,134
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	2.96% - 4.00% (2014: 2.89% - 8.92%)	2,549	46,110
Non-U.S. dollar based local functional currencies	6.15% - 10.25% (2014: 6.16% - 13.50%)	23,885	12,697
		35,085	81,941
Short-term borrowings:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	7.00% (2014: 7.00%)	7,000	7,000
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.00% - 8.38% (2014: 4.00% - 6.63%)	6,102	4,500
Non-U.S. dollar based local functional currencies	4.35% - 10.00% (2014: 3.85% - 11.00%)	3,664	5,041
		16,766	16,541
Total short-term borrowings		51,851	98,482

As of March 31, 2015, the Group has approved revolving credit lines of up to $165,963,000 (2014: $156,062,028) of which $35,085,000 (2014: $81,941,000) were used, at annual interest rates between 2.89% and 10.25% (2014: 13.50%).

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

13. Long-term borrowings

	Interest rates	2015 $'000	2014 $'000
Long-term lines of credit (a)			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	3.23% - 6.00% (2014: 3.24% - 16.00%)	18,289	34,395
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	3.25% - 4.00% (2014: 3.23% - 8.92%)	33,428	38,556
Non-U.S. dollar based local functional currencies	10.50% - 14.00% (2014: 9.50% - 10.09%)	21,025	5,408
		72,742	78,359

	Interest rates	2015 $'000	2014 $'000
Long-term loans (b)			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	11.25% - 12.40% (2014: 11.25%)	6,600	6,600
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.23% - 13.00% (2014: 4.23%- 15.00%)	296,624	287,640
Non-U.S. dollar based local functional currencies	3.85% - 14.00% (2014: 3.85% - 14.00%)	193,034	177,021
		496,258	471,261
Securitization issuance and commercial paper (c)	7.28% - 8.00%	5,332	10,698
		574,332	560,318
Less:			
Capitalized loan transaction costs:			
At beginning of the year		(1,551)	(1,845)
Arising on new loans		(356)	(132)
Translation adjustments		-	86
Amortized in interest expense for the period		558	340
		(1,349)	(1,551)
Carrying value of long-term borrowings		572,983	558,767
Less: Current portions of:			
Long-term loans		(119,578)	(83,389)
Lines of Credit		(55,946)	(47,573)
Securitization debt		(3,333)	(5,269)
Current portion of long-term borrowings		(178,857)	(136,231)
Long-term borrowings		394,126	422,536

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

	2015			2014
	Long-term loans $'000	Securitization $'000	Total $'000	Total $'000
Current portion	175,524	3,333	178,857	136,231
Between 1 and 2 years	130,672	2,000	132,672	117,060
Between 2 and 5 years	252,787	-	252,787	180,048
Over 5 years	10,017	-	10,017	126,979
	569,000	5,333	574,333	560,318

a. The Group has approved revolving long-term credit lines of up to $108,523,000 (2014: $123,591,941), of which $72,742,000 (2014: $78,359,000) were used, at annual interest rates between 3.23% and 14.00% (2014: 3.23% and 16.00%).

b. Of the total long-term borrowings of the Group, loans in the amount of $476,372,000 (2014: $441,105,000), are priced at floating interest rates that are adjustable quarterly. The remaining long-term borrowings are at fixed rates.

c. On June 21, 2011, the Company contracted a long-term unsecured loan in the amount of $130,000,000 with an international bank at a fixed interest rate of 3.75% for the first nine months, subsequently adjustable based on market circumstances. Interest was payable quarterly and the principal was payable on April 2, 2013. The proceeds of this loan were lent to Cobalt Holding Co. Ltd. for the same period at a fixed annual interest rate of 7.7%; Cobalt Holding Co. Ltd. used the funds to repay all the outstanding First and Second Priority bank loans due from its subsidiaries. As of March 22, 2013 the outstanding balance of $60,395,029 was partially repaid with $25,000,000 being refinanced with the same financial institution, at variable interest rate of 3 month Libor plus spread of 4.25% with a new maturity date of March 22, 2018, and a new loan in the amount of $35,000,000 with another financial institution at variable interest rate of 1 month Libor plus a spread of 4%. This latter amount was fully repaid on December 2013. As of March 31, 2013 the outstanding balance of the original loan was $62,851,000 that was fully repaid on April 2, 2013. The outstanding balance of the $25,000,000 loan as of March 31, 2015 is $10,000,000 (2014: $15,000,000).

d. On September 14, 2012, the Company contracted a long-term loan in the amount of $100,000,000 with two international banks at a variable rate based on 3-month Libor plus a spread subject to a minimum all-in interest rate of 4.00%. During the first year only interest was payable quarterly. After principal prepayments made during the year ended March 31, 2014, the amortization profile was amended by the banks so that the new quarterly instalments of principal of $1,009,206 are payable beginning in the second year with a final principal payment of $56,009,206 due at maturity on September 16, 2019. The proceeds of this loan were used to acquire new subsidiaries in Costa Rica. The outstanding balance of this loan is $73,165,707 ($77,202,530 as of March 31, 2014).

e. On March 28, 2014 the Company executed a long-term loan of $50,000,000 with an international bank bearing a fixed interest rate for a term of 5 years. The starting interest rate during the first year is 5.25%, with a 50bps annual increase from the second to the fourth year of the loan, and then a 7.00% interest rate during the fifth year. The loan principal is payable through annual installments of $5,000,000, $6,500,000, $8,500,000 (2014: $10,000,000), and a final payment of $20,000,000. The outstanding balance of this loan is $45,000,000 as of March 31, 2015.

f. On December 21, 2012, the Company contracted a long-term loan in the amount of $100,000,000 from an international bank at a variable rate based on 3-month Libor plus a spread. During the first year only interest was payable quarterly; then the loan requires quarterly principal payments starting at $1,500,000 with annual increases until a final bullet payment of $50,150,000 is due on the maturity date, December 21, 2019. The proceeds of this loan were used to repay short-term obligations to acquire new subsidiaries in Costa Rica. The outstanding balance of this loan is $83,190,344 ($93,934,653 as of March 31, 2014). On March 27, 2015 the Group pre-paid $4,495,000 and required the bank to modify the current portion by the amount of the prepayment. Subsequent to the year end on June 9 2015 the bank approved a modification of the amortization schedule for the quarters June 2015, September 2015 and December 2015.

g. Securitizations - The subsidiary in Ecuador has issued three securitizations of cash flows receivable from credit sales. A summary of these balances at March 31, 2015 is as follows:

Future cash flows securitization	Issue date	Interest rate	Term
Second securitization	20/12/2010 to 04/04/2011	7.00% - 5.58%	4 years
Third securitization	15/02/2012 to 15/02/2013	7.00% - 8.00%	5 years

h. The Company has issued three unsecured standby letters of credit for a total of $23,280,000 through an international bank to secure term bonds issued by Unicomer (Guyana) Inc. These term bonds are issued in Guyanese dollars in the equivalent amount of US$23,280,000 (2014: $21,961,668).

i. On November 9, 2012, Unicomer (Trinidad) Ltd. entered into a loan facility agreement in the amount of TTD 92,488,000 (equivalent to $14,500,000) with Citibank (Trinidad) Ltd., secured by a debenture on hire purchase receivables and stock in trade. The facility was repayable over 6 months with principal and interest at maturity date to be rolled over for further 6 month periods for a maximum period of 5 years.

j. On August 6, 2012, Unicomer (Belize) Ltd. entered into a loan facility agreement in the amount of BZD14,000,000 (equivalent to $6,854,000) with Atlantic Bank Limited, secured with First Demand Legal Charges over properties registered in the Belmopan and Caribbean Shores Registration sections. The facility is repayable over sixty months with the principal and interest at maturity date to be rolled over for a further sixty-month term.

k. On November 23, 2012, Redstart Investments (Guyana) Inc. entered into a loan facility agreement in the amount of GYD140,000,000 (equivalent to $693,000) with Republic Bank (Guyana) Ltd., at an interest rate of 10% per annum. The loan is secured by a first mortgage on the company's properties situated at Lots 589 & 598 Block 23, East Bank Demerara and assignment of rental income. On September 30, 2014 Redstart Investments (Guyana) Inc. was sold to a related party (see note 8 c.) and the loan transferred out of the Group.

l. On August 27, 2012, Unicomer (Jamaica) Ltd. authorized the private placement by way of an exempt distribution of a series of 7-year promissory Bonds ("the Bonds") denominated in Jamaican dollars ("J$") under the Guidelines for Exempt Distributions (Guidelines SR-GUID-08/05-0016) for a principal amount of up to J$5,310,000,000. On September 30, 2014, Unicomer (Jamaica) Ltd. authorized another private placement by way of an exempt distribution of a series of 7-year promissory Bonds ("the Bonds") denominated in Jamaican dollars ("J$") under the same Guidelines for Exempt Distributions for a principal amount of J$1,000,000,000. On September 22, 2014, Unicomer (Jamaica) Ltd obtained J$600,000,000.00 in long term (7 years) loan facilities from JMMB and JMMBMB. As at March 31, 2015, J$457,957,725.00 of this facility was utilized. Unicomer (Jamaica) Ltd. had two short term (6 months) revolving credit facilities from National Commercial Bank (Jamaica) Ltd. and Citibank N.A. (Jamaica) for J$500,000,000.00 each. As at March 31, 2015, J$200,000,000.00 was outstanding. The Bonds were fully subscribed as at March 31, 2015.

m. As of March 31, 2015, three subsidiaries have loans payable to a U.S. financial institution in the aggregate amount of $73,835,201 (2014: $72,315,228), bearing interest at annual rates of 12.00%-12.40%. Regal Forest Holding Co. Ltd. and Unicomer Latin America Co. Ltd. entered into master loan participation agreements by which they purchased, without recourse or warranty from the financial institution, an undivided participation interest in these credit facilities. These loan participation agreements included $11,000,000 by Regal Forest Holding Co. Ltd. and $62,835,201 by Unicomer Latin America Co. Ltd. All three loan participations have been eliminated against the subsidiaries' loans in the consolidated statement of financial position.

n. On August 18, 2014, Unicomer Latin America Co. Ltd. executed a revolving credit line agreement up to $20,000,000 for a term of three years within which 18 months for the payment of each disbursement. Drawdowns made under this $20,000,000 revolving line are indexed to a variable 3-month Libor base rate plus a spread with quarterly payments of principal and interest. This revolving line may be used solely by Unicomer Latin America Co. Ltd., or certain of its subsidiaries up to sub-limits as follows:

Name of company	Sub-limit $'000
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	15,000
Unión Comercial de Nicaragua, S.A. and Unicoservi, S.A.	5,000
El Gallo más Gallo de Alajuela, S.A.	15,000
Unicomer Comercial de Guatemala, S.A. and Unicoservi, S.A.	10,000

As of March 31, 2015 and 2014, Unicomer Latin America Co. Ltd. had not drawn against this revolving line.

o. As of March 31, 2015 and 2014, the Group has a $30,000,000 revolving line commitment. Drawdowns made from this $30,000,000 revolving line are indexed to a variable 3-month Libor base rate, for a term of three years with quarterly payments of principal and interest. This revolving line may be used solely by Unicomer Latin America Co. Ltd., or jointly with its subsidiaries up to certain sub-limits as follows:

Name of company	Sub-limit $'000
Unicomer Latin America Co. Ltd.	30,000
Unión Comercial de Guatemala, S.A. and Unicoservi, S.A.	10,000
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A.	10,000
Unión Comercial de Honduras, S.A. de C.V.	10,000
Unión Comercial de Nicaragua, S.A. and Unicoservi, S.A.	10,000
El Gallo más Gallo de Alajuela, S.A.	5,000

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

	2015 $'000	2014 $'000
Restricted funds	2,449	6,375
Accounts receivable	278,208	226,354
Inventories	69,710	63,442
Property and equipment	11,661	13,823
Total	362,028	309,994

14. Bonuses payable

	2015 $'000	2014 $'000
Balance at beginning of year	5,571	4,493
Charged to results of operations	5,233	4,049
Amounts paid	(6,079)	(2,919)
Translation adjustments	(10)	(52)
Balance at end of year	4,715	5,571
Amount expected to be paid within 12 months	3,345	5,571
Amount expected to be paid after more than 12 months	1,370	-
	4,715	5,571

15. Provisions

	Product warranties	Employee benefits	Total
	$'000	$'000	$'000
Balance as of March 31, 2013	4,174	5,453	9,627
Charged to profit for the year	7,806	3,467	11,273
Amount used during the year	(7,666)	(347)	(8,013)
Translation adjustments	(180)	(131)	(311)
Balance as of March 31, 2014	4,134	8,442	12,576
Charged to profit for the year	9,376	1,800	11,176
Amount used during the year	(7,887)	(873)	(8,760)
Translation adjustments	(45)	(153)	(198)
Balance as of March 31, 2015	5,578	9,216	14,794

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 Labor 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, totaling $1,973,107. The remaining balance of the retirement provision in that subsidiary amounted to $1,686,000 (2014: $1,609,000).

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 $1,790,000 (2014: $1,952,000) at March 31, 2015 through a charge to expense of the current period.

16. Share capital and statutory reserve

a. Share capital

	2015 $'000	2014 $'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
Consideration paid for issued and fully paid ordinary shares:		
76,032,774 Class "A" Ordinary shares of $1.19 each	90,572	90,572
76,032,774 Class "B" Ordinary shares of $1.19 each	90,572	90,572
	181,144	181,144
Comprising:		
Share capital at $1 per share	152,066	152,066
Share premium	29,078	29,078
	181,144	181,144

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. Infotech elects the Chairman, who will have a double vote in case of a tie.

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. Derivative financial instruments

The Company holds derivatives to reduce variability of cash flows associated with certain variable-rate borrowings. Management has documented the effectiveness of these hedges and determined whether hedge accounting applies. The mark to market value of the derivative financial instruments is as follows;

Hedging instruments	Notional amount $'000	Termination date	2015 $'000	2014 $'000
Rate cap 2.00%	$32,000	November 9, 2015	-	6
Rate cap 2.50%	$40,000	March 28, 2017	19	181
			19	187

For both periods reported, the $40,000,000 notional derivative expiring March 2017 did not meet hedge accounting criteria; any fluctuation in its fair value has been accounted for as financial expense. The $32,000,000 (2014: $40,000,000) notional derivative expiring November 2015 met hedge accounting criteria for the reporting period ended March 2013. During the reporting period ended March 2015, this derivative no longer met the prospective effectiveness criteria and hedge accounting was discontinued.

18. Operating expenses

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

	2015 $'000	2014 $'000
Personnel expenses	217,268	206,195
Accounts receivable – impairment	71,055	60,200
Operating leases	51,334	47,218
Advertising	30,032	32,052
Depreciation of property and equipment and impairment	19,865	15,945
Amortization of intangible assets and impairment	6,432	7,467
Freight expenses	18,829	19,469
Utilities	13,981	14,566
Commissions and others	11,569	9,686
Maintenance and leasing computer equipment	9,299	9,282
Repairs and maintenance	9,192	9,645
Telecommunications	9,114	9,243
Extended warranty claims and administrative expenses	8,909	7,157
Professional fees	6,689	6,499
Insurance	5,824	5,965
Security services	5,817	5,745
Travel expenses	5,447	7,197
Administrative services	3,802	3,454
Insured warranty claims	3,030	6,119
Municipal tax	2,967	3,438
Charitable donations	1,044	1,366
Other operating expenses, net	14,758	11,292
	526,257	499,200
Comprising:		
Distribution and selling expenses	439,866	413,266
Administrative expenses	86,391	85,934
	526,257	499,200

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

	2015 $'000	2014 $'000
Wages and benefits	124,949	117,728
Commissions	38,784	40,579
Social security and pension cost	19,866	18,315
Other employee benefits	33,669	29,573
	217,268	206,195

The average number of full-time-equivalent employees for the year ended March 31, 2015, was 13,825 (2014: 14,184).

19. Income tax expense

a. Tax expense for the year comprises the following:

	2015 $'000	2014 $'000
Current tax expense		
Current year charge	26,924	28,741
Prior year over provision	-	(160)
Other (alternative minimum taxes)	1,113	1,168
Deferred tax expense		
Effect of tax losses	(225)	(750)
Origination and reversal of other temporary differences	(4,654)	(6,178)
	23,158	22,821

b. Reconciliation of tax expense:

	2015 $'000	2014 $'000
Profit before income tax	96,890	89,837
Computed "expected" tax expense at subsidiaries' tax rates	21,249	16,818
Tax effect of differences between profit for financial statements and tax reporting purposes on:		
Non-deductible expenses	3,956	6,388
Non-taxable income	(4,028)	(499)
Tax losses	(97)	586
Disallowed expenses and capital items	181	(152)
Other	1,897	(320)
	23,158	22,821

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.

20. Related-party transactions

Certain key administrative services related 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:

	2015 $'000	2014 $'000
Expenses incurred for services	8,551	6,462
Purchases of merchandise	1,611	2,160
Expenses for advertising related materials	819	763
Purchase of fixed assets	26	221
Sales of merchandise	99	143
Proceeds on sale of accounts receivable portfolio	31,750	30,787
Gain on sales of portfolio	4,598	3,451
Income from services provided	1,370	1,934
Interest income on loan granted to related company	80	85

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

	2015 $'000	2014 $'000
Salaries and short-term benefits	7,504	7,666
Statutory contributions	130	131
Other	761	498
	8,395	8,295

21. 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:

	2015 $'000	2014 $'000
Within one year	40,386	41,437
Between one and five years	95,438	95,422
After five years	51,483	41,398
	187,307	178,257

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 a subsidiary company maintains a bank facility under which the bank issues documentary and stand-by letters of credit for up to $25,000,000 (2014: $52,500,000) to third party vendors in connection with the purchase of inventories. The Company's subsidiaries guarantee this facility as follows:

Name of subsidiary	2015 $'000	2014 $'000
Unión Comercial de Guatemala, S.A. and Unicoservi, S.A.	6,250	6,250
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	6,250	6,250
Unión Comercial de Nicaragua and Unicoservi, S.A.	6,250	6,250
Unión Comercial de Honduras, S.A. de C.V.	6,250	6,250
	25,000	25,000

(ii) A $30,000,000 revolving line of credit for Unicomer Latin America Co. Limited and its subsidiaries is guaranteed by Group subsidiaries as detailed below. At March 31, 2015 the amount drawn down against this line of credit was $40,000,000 (2014: $19,546,916).

Name of subsidiary	Guarantee up to $'000
Unión Comercial de Guatemala, S.A. and Unicoservi, S.A.	12,000
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	2,500
Unión Comercial de Honduras, S.A. de C.V.	9,000
Unión Comercial de Nicaragua, S.A. and Unicoservi, S.A.	6,000
Gallo más Gallo de Alajuela, S.A. (Costa Rica)	500
	30,000

(iii) During the years ended March 31, 2015 and 2014, the Company renewed three unsecured standby letters of credit for a total of $23,280,000 through an international bank to secure term bonds issued by Unicomer (Guyana) Inc.

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

(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.

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:

	2015						
	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Payables	195,668	195,668	195,668	-	-	-	-
Due to related companies	3,000	3,000	3,000	-	-	-	-
Bonuses payable	4,715	4,715	4,715	-	-	-	-
Borrowings	624,834	737,964	164,392	120,168	138,328	295,986	19,090
Total	828,217	941,347	367,775	120,168	138,328	295,986	19,090

	2014						
	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Payables	174,384	174,384	174,384	-	-	-	-
Due to related companies	2,506	2,506	2,506	-	-	-	-
Bonuses payable	5,571	5,571	5,571	-	-	-	-
Borrowings	657,249	806,753	160,774	106,734	144,875	238,173	156,197
Total	839,710	989,214	343,235	106,734	144,875	238,173	156,197

(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 Courts 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.

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

As of March 31, 2015 and 2014, 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		Courts Caribbean Group	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash and short-term deposits	(529)	(43)	751	674
Due from related companies	7,921	8,407	9,921	6,215
Loans payable	(40,540)	(47,289)	-	-
Leasing deposits	583	496	-	-
Accounts payable	(28,753)	(23,959)	-	-
Due to related companies	(44,953)	(19,210)	(19,999)	(61,139)
Gross exposure	(106,271)	(81,598)	(9,327)	(54,250)

The detail per country is as follows

	2015											
	Unicomer Latin America Group					Courts Caribbean Group						
	GT $'000	HN $'000	NI $'000	DO $'000	CR $'000	BB $'000	BZ $'000	OECS $'000	GY $'000	JM $'000	TT $'000	AFL $'000
Cash & short-term investments	51	31	(799)	8	180	-	-	-	318	151	282	-
Due from related companies	39	54	18	-	7,810	14	3	261	1,559	514	7,570	-
Leasing deposits	-	-	-	-	583	-	-	-	-	-	-	-
Loans payable	-	-	(33,940)	-	(6,600)	-	-	-	-	-	-	-
Accounts payable	(108)	(261)	(4,101)	(85)	(24,198)	-	-	-	-	-	-	-
Due to related companies	(3,726)	(1,455)	-	-	(39,772)	(4,114)	(6,655)	(4,989)	(659)	(1,902)	(1,608)	(72)
Gross exposure	(3,744)	(1,631)	(38,822)	(77)	(61,997)	(4,100)	(6,652)	(4,728)	1,218	(1,237)	6,244	(72)

	2014										
	Unicomer Latin America Group					Courts Caribbean Group					
	GT $'000	HN $'000	NI $'000	DO $'000	CR $'000	BB $'000	BZ $'000	OECS $'000	GY $'000	JM $'000	TT $'000
Cash & short-term investments	52	14	(244)	11	124	-	-	-	80	36	558
Due from related companies	81	106	59	-	8,161	199	25	2,019	438	2,619	915
Leasing deposits	-	-	-	-	496	-	-	-	-	-	-
Loans payable	-	-	(41,764)	-	(5,525)	-	-	-	-	-	-
Accounts payable	(138)	(212)	(1,349)	(43)	(22,217)	-	-	-	-	-	-
Due to related companies	(3,246)	(3,180)	(8,542)	(105)	(4,137)	(5,299)	(6,049)	(33,257)	(1,026)	(11,021)	(4,487)
Gross exposure	(3,251)	(3,272)	(51,840)	(137)	(23,098)	(5,100)	(6,024)	(31,238)	(508)	(8,366)	(3,014)

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:

	2015											
	Unicomer Latin America Group					Courts Caribbean Group						
	GTQ $'000	HNL $'000	NIC $'000	DOP $'000	CRC $'000	BBD $'000	BZD $'000	XCD $'000	GYD $'000	JMD $'000	TTD $'000	AFL $'000
Receivables	472,631	610,863	1,215,374	295,698	82,452,193	51,960	48,892	162,959	9,733,436	11,140,666	659,451	2,512
Cash & short-term investments	7,335	4,610	32,397	11,726	660,244	2,763	1,239	5,492	321,523	360,049	20,355	242
Loans	(317,000)	(495,505)	-	(74,223)	(27,661,192)	(377)	(12,667)	-	(4,539,700)	(5,702,771)	(276,500)	(260)
Leasing deposits	-	-	-	-	505,130	-	-	-	-	-	-	-
Payables	(76,806)	(69,829)	(64,697)	(23,748)	(21,421,730)	(5,369)	(22,112)	(15,752)	(359,509)	(1,969,661)	(7,139)	-
Gross exposure:												
Local currency	86,160	50,139	1,183,074	209,453	34,534,645	48,977	15,352	152,699	5,155,750	3,828,283	396,167	2,494
USD equivalent	11,277	2,273	43,947	4,685	64,062	24,436	7,516	56,555	24,882	33,357	62,488	1,393

	2014										
	Unicomer Latin America Group					Courts Caribbean Group					
	GTQ $'000	HNL $'000	NIC $'000	DOP $'000	CRC $'000	BBD $'000	BZD $'000	XCD $'000	GYD $'000	JMD $'000	TTD $'000
Receivables	471,205	701,262	1,166,184	304,878	72,494,458	50,352	50,482	162,692	9,468,623	10,266,353	686,419
Cash & short-term investments	13,719	18,577	38,058	11,038	850,276	1,999	1,874	4,429	438,218	289,457	20,601
Loans	(344,150)	(576,728)	-	(82,294)	(18,511,473)	-	(13,619)	-	(4,667,991)	(4,994,189)	(261,996)
Leasing deposits	-	-	-	-	40,160	-	-	-	-	-	-
Payables	(76,056)	(166,482)	(62,386)	(23,012)	(15,202,982)	(3,734)	(17,829)	(10,373)	(212,779)	(630,092)	(47,869)
Gross exposure:											
Local currency	64,718	(23,371)	1,141,856	210,610	39,670,439	48,617	20,908	156,748	5,026,071	4,931,529	397,155
USD equivalent	8,375	(1,118)	44,548	4,886	71,655	24,257	10,238	58,055	24,315	45,126	61,959

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

	Unicomer Latin America Group					Courts Caribbean Group						
	GTQ	HNL	NIC	DOP	CRC	BBD	BZD	XCD	GYD	JMD	TTD	AFL
At March 31, 2014	7.73	20.90	25.64	43.10	553.63	2.00	2.04	2.70	206.71	109.28	6.41	-
At March 31, 2015	7.64	22.06	26.92	44.70	539.08	2.00	2.04	2.70	207.21	114.77	6.34	1.7

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, 2015 and 2014 is not significant to the profit and equity reported for the Group.

In the Courts Caribbean Group, with the exception of the Jamaican dollar, all the currencies in the Group have been relatively stable against the U.S. dollar. A 10% (2014: 15%) weakening or a 1% (2014: 1%) strengthening of the Jamaican dollar against the U.S. dollar at March 31 would have (decreased)/increased profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2015		2014	
	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000
JMD				
10% weakening (2014: 15%)	(3,032)	(2,273)	(4,855)	(2,720)
1% strengthening	303	227	323	181

- *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 uses 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:

	2015	2014
	$'000	$'000
Fixed rate instruments:		
Financial assets	778,580	768,060
Financial liabilities	(148,462)	(216,144)
	630,118	551,916
Variable rate instruments:		
Financial assets	26,709	17,946
Financial liabilities	(476,372)	(441,105)
	(449,663)	(423,159)

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:

As the Company holds an interest rate cap with a nominal amount of $80,000,000, a change of 100 basis points in interest rates at the reporting date would have had a positive/(negative) effect on the result of operations by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	2015		2014	
	100bp increase $'000	100bp decrease $'000	100bp increase $'000	100bp decrease $'000
Effect on profit for variable rate instruments	(3,911)	3,911	(3,567)	3,567

- *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.

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.

C. Offsetting agreement

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

	2015			2014		
	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	64,844	(25,020)	39,824	64,397	(27,251)	37,146
Financial liabilities:						
Other accounts payables and accruals	88,924	(25,020)	63,904	90,632	(27,251)	63,381

23. 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.

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. The VAT division of the Customs and Excise Department has assessed Unicomer (Barbados), for an amount of $900,600 corresponding to years 1999-2004. A response has been prepared by our tax consultants to which $126,084 of that assessment has been agreed and has been accrued for. The process resolution is still pending.

b. Additional assessments in Unicomer (Trinidad) in respect of disallowed expenses of $847,500 relating to 2000 and 2001 for which supporting documents could not be provided as they were destroyed by fire in 2007. The process resolution is still pending.

c. Unicomer (St. Lucia) Limited has received assessments from the Inland Revenue department claiming outstanding income taxes of $3,478,000 plus penalties in respect of income years 2005-2010. The subsidiary is disputing these liabilities and is in the process of resolving this issue with the Inland Revenue. The Group has had informal positive feedback from Inland Revenue on certain items (i.e. income tax on property of a building due to an amalgamation)

d. Unión Comercial de El Salvador, S.A. de C.V. has received a VAT tax assessment from local tax authority for 2010 amounting to $355,399 that includes penalties and interest due to a questioning on whether services rendered by the Almacenes Siman S.A. de C.V. Information Technology department have been effectively rendered. An objection has been filed on the Administrative Tribunal and the resolution is pending.

e. Unión Comercial de El Salvador, S.A. de C.V. has received a customs assessment from local tax authority for 2006 amounting to $208,515 that includes penalties and interest due to a questioning on whether the entity demonstrated properly the certificate of origin of the products imported. Subsequent to the reporting date the company has recently agreed to settle and apply a six month calendar payment.

f. Unión Comercial de Guatemala, S.A. has received a withholding tax assessment from the local tax authority for 2009 amounting to $505,787 due to a different interpretation on the applicable withholding on intercompany transactions with Unión Comercial de El Salvador, S.A. de C.V. The case is pending for resolution at the Administrative Court.

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 and Guyana.

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

United Stated of America Group: includes the subsidiaries based in Texas and Delaware in the United States.

The company and its corresponding accounting entries are recognized as adjusting entries to the consolidated reports.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment EBITDA as a primary indicator, followed by Profit Before Income Tax (PBIT), 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.

b. Information about reportable segment

	Caribbean		Latin America		USA		Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues										
Sales	320,689	319,358	749,736	749,325	5,543	5,536	8,894	(247)	1,084,862	1,073,972
Premium income	22,065	19,023	-	-	-	-	-	-	22,065	19,023
Finance income on credit operations	130,179	122,966	216,595	213,857	2,024	1,822	(2,649)	-	346,149	338,645
Inter-segment revenues	7,698	4,389	-	-	-	-	276,151	286,172	283,849	290,561
Segment revenue	480,631	465,736	966,331	963,182	7,567	7,358	282,396	285,925	1,736,925	1,722,201
Depreciation/ amortization	(6,778)	(5,453)	(17,966)	(17,015)	(219)	(248)	(1,334)	(292)	(26,297)	(23,008)
Financial income – interest	576	670	257	729	-	-	11,818	4,312	12,651	5,711
Financial expense – interest	(11,793)	(14,455)	(28,091)	(25,343)	-	-	(23,414)	(15,346)	(63,298)	(55,144)
Segment profit before tax	65,599	50,575	42,416	40,892	(871)	(1,492)	63,746	31,136	170,890	121,111
Segment tax	(9,231)	(8,813)	(13,927)	(14,407)	-	-	-	399	(23,158)	(22,821)
Reportable segment assets	693,338	573,954	897,015	877,066	8,804	9,650	635,131	775,411	2,234,288	2,236,081
Reportable segment liabilities	329,541	272,306	524,125	495,755	1,548	5,524	381,697	492,733	1,236,911	1,266,318
Capital expenditure	15,188	18,553	15,169	19,230	29	57	139	-	30,525	37,840
Restructuring and one-off costs	-	(404)	-	(1,943)	-	-	-	-	-	(2,347)

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

		2015 $'000	2014 $'000
(i)	Revenues		
	Total revenues for reportable segments	1,454,529	1,436,276
	Revenues for other segments	282,396	285,925
	Subtotal	1,736,925	1,722,201
	Elimination of inter-segment revenue	(270,699)	(276,922)
	5% mark up intercompany profit for the year	(13,150)	(13,639)
	Consolidated revenue	1,453,076	1,431,640
(ii)	Profit or loss before tax		
	Total profit or loss for reportable segments	107,144	89,975
	Profit or loss for other segments	63,746	31,136
	Subtotal	170,890	121,111
	5% mark up intercompany profit for the year	(1,937)	(1,002)
	5% crawling peg exchange rate	909	550
	Gain on conversion of PIK note	-	(3,171)
	Dividend income between segments	(72,381)	(29,600)
	Other consolidation adjustments	(591)	1,949
	Consolidated profits before income tax	96,890	89,837
(iii)	Assets		
	Total assets for reportable segments	1,599,157	1,460,670
	Assets for other segments	635,131	775,411
	Subtotal	2,234,288	2,236,081
	Elimination of investment in subsidiaries	(529,185)	(494,185)
	Elimination of goodwill in subsidiaries	(54,823)	(54,823)
	Elimination of related party loans and receivables	(225,587)	(258,447)
	Other consolidation adjustments	70,781	7,299
	Consolidated total assets	1,495,474	1,435,925
(iv)	Liabilities		
	Total liabilities for reportable segments	855,214	773,585
	Liabilities of other segments	381,697	492,733
	Subtotal	1,236,911	1,266,318
	Elimination of related party loans and payables	(226,516)	(256,487)
	Elimination of loan participations	(11,000)	(11,000)
	Other consolidation adjustments	(8,206)	(11,110)
	Consolidated total liabilities	991,189	987,721

	2015				2014			
	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	833	11,818	(11,684)	967	1,399	4,312	(4,380)	1,331
Financial expense - interest	(39,884)	(23,414)	11,684	(51,614)	(39,798)	(15,346)	5,007	(50,137)
Depreciation and amortization	(24,963)	(1,334)	-	(26,297)	(22,716)	(292)	-	(23,008)
Capital expenditures	30,386	-	732	31,118	37,840	-	442	38,282
Impairment losses on financial assets	-	-	-	-	(404)	-	-	(404)
Average full time employees	13,825	-	-	13,825	14,184	-	-	14,184

d. Geographic Information

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

	2015		2014	
	Revenues $'000	Non-current assets $'000	Revenues $'000	Non-current assets $'000
Jamaica	124,578	92,842	124,950	92,920
Barbados	34,393	23,843	34,179	25,967
Trinidad & Tobago	148,719	61,733	148,376	46,973
Guyana	42,635	19,138	41,135	22,059
Belize	22,341	8,589	20,963	16,581
Guatemala	116,775	22,613	118,286	22,374
El Salvador	108,359	27,575	111,244	26,739
Honduras	77,595	24,607	89,349	28,562
Nicaragua	107,278	19,455	104,896	21,708
Costa Rica	322,643	173,282	327,391	162,429
Ecuador	216,250	41,269	194,958	39,788
Other countries	131,510	83,326	115,913	74,945
	1,453,076	598,272	1,431,640	581,045

26. Subsequent events

a. On April 15, 2015, the Company acquired brands, intellectual property and contracts of existing RadioShack franchisees throughout Central America, South America and the Caribbean, for an amount of $5,000,000 in cash, of which $750,000 was paid as a deposit as of March 31, 2015. In the new territories, RadioShack is present through 198 franchise stores in addition to the 55 stores that the Group already operates as franchisee. This will allow the Group to consolidate and promote the brand with current franchisees, and will also give it the opportunity to consolidate the expansion strategy in countries where it currently is not present. Management is in the process of assessing the impact of the purchase price allocation for this acquisition.

b. Unicomer Dominica has received a withholding tax assessment from the Inland Revenue department of $1,341,226. A corporation tax assessment was also issued disallowing finance cost to related parties, deferred HP profit and general provision for bad debts amounting to $1,344,907. An extension has been filed for both assessments and we are currently working with the Inland Revenue department to resolve their queries prior to them issuing a final assessment.

c. Unicomer St. Vincent has received a corporation tax and withholding tax assessment from the Inland Revenue department for 2007-2011 amounting to $4,691,407 and applying similar methodology to Unicomer Dominica audit introducing a royalty assessment. An objection has been filed with the Inland Revenue department.

REGAL FOREST HOLDING CO. LTD.
AND SUBSIDIARIES

CONSOLIDATED
FINANCIAL STATEMENTS

MARCH 31, 2014

Regal Forest Holding Co. Ltd. and subsidiaries

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March 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Members of
REGAL FOREST HOLDING CO. LTD.

We have audited the consolidated financial statements of Regal Forest Holding Co. Ltd. ("the Company") together with its subsidiaries (collectively, "the Group"), set out on pages F-137 to F-189, which comprise the Group's statement of financial position as at March 31, 2014, the Group's income statement, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2014, and of the Group's financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Kingston, Jamaica

July 17, 2014

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Patricia O. Dailey-Smith
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Cynthia L. Lawrence
Rajan Trehan

Norman O. Rainford
Nigel R. Chambers
W. Gihan C. de Mel
Nyssa A. Johnson

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of financial position
March 31, 2014
(expressed in U.S. dollars - Note 2.4)

	Notes	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	42,060	75,060
Account receivable, net	5b	533,799	460,424
Accounts receivable - company related by common control		2,325	4,993
Other receivables and prepayments		37,146	29,718
Inventories	6	212,259	202,564
Deferred policy acquisition costs		20,397	13,632*
Prepaid income taxes		6,893	6,551
Total current assets		854,879	792,942
Non-current assets			
Accounts receivable, net	5a	210,147	214,931
Loan receivable - company related by common control		8,805	6,803
Property and equipment, net	7	151,617	136,775
Goodwill	8a	59,072	62,830
Intangible assets	9	121,923	130,356
Retirement benefits assets	10	2,203	5,122
Deferred tax assets	11a	24,320	16,318
Other assets		2,959	4,036*
Total non-current assets		581,046	577,171
Total assets		1,435,925	1,370,113

*Reclassified (note 25)

The notes on pages F143 – F-189 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of financial position
For the year ended March 31, 2014
(expressed in U.S. dollars - Note 2.4)

	Notes	2014 $'000	2013 $'000
LIABILITIES			
Current liabilities			
Short- term borrowings	12	98,482	141,892*
Current portion of long-term borrowings	13	136,231	121,666*
Accounts payable		111,003	104,953
Accounts payable – company related by common control		2,506	1,883
Bonuses payable	14	5,571	2,585
Unearned premiums	2.17b	63,016	49,665
Other accounts payable and accruals		63,381	60,131
Current income tax liabilities		15,134	16,753
Provision for warranties	15	4,134	4,174
Total current liabilities		499,458	503,702
Non-current liabilities			
Long-term borrowings	13	422,536	396,275
Deferred warranty income	2.17d	39,360	27,731
Bonuses payable	14	-	1,908
Employee benefits obligation	15	8,442	5,453
Deferred tax liabilities	11b	17,925	18,073
Total non-current liabilities		488,263	449,440
Total liabilities		987,721	953,142
EQUITY			
Share capital	16	181,144	181,144
Hedge reserve	17	-	(232)
Retained earnings (including statutory reserves)		322,022	267,229
Currency translation reserve	2.4c	(54,962)	(31,170)
Total equity		448,204	416,971
Total liabilities and equity		1,435,925	1,370,113

*Reclassified (note 25)

The notes on pages F-143 - F-189 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of income
For the year ended March 31, 2014
(expressed in U.S. dollars - Note 2.4)

	Notes	2014 $'000	2013 $'000
Sales	2.17a	1,073,972	896,111*
Cost of goods sold		(786,882)	(650,627)*
Gross profit on sales		287,090	245,484
Premium income	2.17b	19,023	18,822
Finance income earned on credit operations	2.17c	338,645	288,144*
Total gross profit		644,758	552,450
Distribution and selling expenses	18	(413,266)	(329,653)*
Administrative expenses	18	(85,934)	(84,669)
Other operating income, net		5,143	5,281
Operating profit		150,701	143,409
Financial income		1,331	921
Financial expense		(50,137)	(38,832)
Foreign exchange losses and other charges		(12,058)	(9,452)
Net finance costs		(60,864)	(47,363)
Profit before income tax		89,837	96,046
Income tax expense	19	(22,821)	(25,961)
Profit for the year		67,016	70,085

*Reclassified (note 25)

The notes on pages F-143 - F-189 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of profit or loss and other comprehensive income
For the year ended March 31, 2014
(expressed in U.S. dollars - Note 2.4)

	2014 $'000	2013 $'000
Profit for the year	67,016	70,085
Other comprehensive loss:		
Items that will never be reclassified to profit or loss:		
Remeasurement of employee benefits obligation	(2,877)	-
Related tax on remeasurement	654	-
Items that may be reclassified to profit or loss:		
Currency translation adjustments	(23,792)	(9,142)
Fair value adjustment on hedge instruments	232	(172)
Other comprehensive loss for the year	(25,783)	(9,314)
Total comprehensive income for the year	41,233	60,771

The notes on pages F-143 - F-189 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of changes in equity
For the year ended March 31, 2014
(expressed in U.S. dollars - Note 2.4)

	Share capital $'000 (note 16a)	Hedge reserve $'000 (note 17)	Statutory reserves $'000 (note 16b)	Retained profits $'000	Currency translation reserve $'000	Total equity $'000
Balance at March 31, 2012	181,144	(60)	5,427	191,717	(22,028)	356,200
Total comprehensive income for the year						
Profit for the year	-	-	-	70,085	-	70,085
Other comprehensive loss:						
Currency translation adjustments	-	-	-	-	(9,142)	(9,142)
Fair value adjustment on hedge instruments	-	(172)	-	-	-	(172)
Other comprehensive loss	-	(172)	-	-	(9,142)	(9,314)
Total comprehensive income for the year	-	(172)	-	70,085	(9,142)	60,771
Transfers to statutory reserve	-	-	1,468	(1,468)	-	-
Balances as at March 31, 2013	181,144	(232)	6,895	260,334	(31,170)	416,971
Total comprehensive income for the year						
Profit for the year	-	-	-	67,016	-	67,016
Other comprehensive income:						
Remeasurement of employee benefit obligation, net of taxation	-	-	-	(2,223)	-	(2,223)
Fair value adjustment on hedge instruments	-	232	-	-	-	232
Currency translation adjustment	-	-	-	-	(23,792)	(23,792)
Other comprehensive loss for the year, net of taxation	-	232	-	(2,223)	(23,792)	(25,783)
Total comprehensive income for the year	-	232	-	64,793	(23,792)	41,233
Transfers to statutory reserve	-	-	1,401	(1,401)	-	-
Transaction with owners recording directly in equity:						
Dividends paid	-	-	-	(10,000)	-	(10,000)
Balances at March 31, 2014	181,144	-	8,296	313,726	(54,962)	448,204

The notes on pages F-143 - F-189 are an integral part of these consolidated financial statements.

Regal Forest Holding Co. Ltd. and subsidiaries

Consolidated statement of cash flows
For the year ended March 31, 2014
(expressed in U.S. dollars - Note 2.4)

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit for the year		67,016	70,085
Adjustments for:			
Depreciation and impairment of property and equipment	7	15,945	15,003
Amortization of intangible assets and impairment	9	7,467	4,492
Loss on disposal of property and equipment and intangible assets		1,914	1,099
Gain on disposal of subsidiary		-	(19)
Increase in employee benefits provision		3,120	1,577
Increase/(decrease) in provision for warranties, net		140	(202)
Retirement benefits assets		180	56
Increase in unearned premium reserve		13,351	18,424
Loss/(gain) on derivative instrument		232	(172)
Deferred policy acquisition cost released to income statement		11,483	7,368*
Net finance costs		60,864	47,363
Income tax expense	19	22,821	25,961
		204,533	191,035
Changes in working capital:			
Increase in accounts receivable		(68,591)	(60,159)
Decrease/(increase) in accounts receivable - related companies		2,668	(4,780)
Increase in other receivables and prepayments		(7,428)	(4,215)
Increase in retirement of benefits assets		(197)	-
Increase in inventories		(9,695)	(16,219)
Increase in deferred policy acquisition cost		(18,248)	(15,106)*
Decrease in other assets		1,077	1,004*
Increase in loans receivable – related companies		(2,002)	(6,803)
(Decrease)/increase in accounts payable		(671)	12,901
Increase/(decrease) in accounts payable - related companies		623	(6,641)
Increase in bonuses payable		1,078	1,775
Increase/(decrease) in other accounts payable and accruals		3,250	(7,553)
Increase in deferred warranty income, net		11,629	7,328
		118,026	92,567
Interest received		1,331	921
Interest paid		(49,797)	(38,217)
Corporate income tax paid		(31,710)	(28,257)
Net cash provided by operating activities		37,850	27,014
Cash flows from investing activities			
Acquisition of property and equipment	7	(38,282)	(34,247)
Acquisition of intangible assets	9	(5,784)	(5,052)
Increase in available for sale investments		-	6,199
Consideration on acquisition of business and subsidiaries, net of cash received	8	-	(224,073)
Net liabilities on disposal of subsidiary		-	4,819
Cash and cash equivalent lost on disposal of subsidiary		-	(4,800)
Translation adjustment in respect of foreign subsidiaries		(18,552)	(4,505)
Net cash used in investing activities		(62,618)	(261,659)
Cash flows from financing activities			
Proceeds from short-term borrowings		157,200	328,267*
Repayments of short-term borrowings		(200,716)	(220,185)
Proceeds from long-term borrowings		311,106	382,436*
Repayments of long-term borrowings		(261,141)	(228,340)
Dividends paid		(10,000)	-
Net cash (used in)/provided by financing activities		(3,551)	262,178
Net (decrease)/increase in cash and cash equivalents		(28,319)	27,533
Cash and cash equivalents at the beginning of period		75,060	48,022
Effect of movements in exchange rates on cash and cash equivalents		(4,681)	(495)
Cash and cash equivalents at end of year		42,060	75,060

*Reclassified (note 25)

The notes on pages F-143 - F-189 are an integral part of these consolidated financial statements.

1. Reporting entity

Regal Forest Holding Co. Ltd. ("the Company") is incorporated and registered in the British Virgin Islands and its principal offices are located in San Salvador, El Salvador.

The Company is a subsidiary of Infotech of the Caribbean and Central America Corp. ("Infotech"), which owns 50% of the share capital and is controlled by Milady Associates Ltd. The other 50% is held by Gromeron, SLU, which is owned by El Puerto de Liverpool, SAB 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, Ecuador, 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.

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 2 to 50 were tabled at a meeting of the Board of Directors on June 23, 2014 and it was agreed that the Chairman approve the final issue of these financial statements, which occurred on July 17, 2014.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to the presentation used in 2014 (see note 25).

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 acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquiree; 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 “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 or State of incorporation	Name of subsidiary
United States of America Group:	
British Virgin Islands	Facilito Overseas Holding Co. Ltd.
Delaware	Unicredit, Inc.
	Unicomer USA Holding, Inc.
Texas	Unicomer Texas, LLC
California	Unicomer West Coast, LLC (inactive)
Latin America Group:	
British Virgin Islands	Unicomer Latin America Co. Ltd.
Guatemala	Unión Comercial de Guatemala, S.A. Unicoservi, S. A. Ceteco de Guatemala
El Salvador	Unión Comercial de El -Salvador, S.A. de C.V. Unicoservi, S.A. de C.V.

Panama	Samoil International Corp.
Nicaragua	Unión Comercial de Nicaragua, S.A. Unicoservi, S.A.
Ecuador	Artefactos Ecuatorianos para el Hogar, S.A. de C.V. Serviantares, S.A. de C.V. Tecnilabores, S.A. de C.V.
Honduras	Unión Comercial de Honduras, S.A. de C.V.
Costa Rica	El Gallo más Gallo de Alajuela, S.A. Unión Comercial de Costa Rica Unicomer, S.A. Distribuidora Guayaquil, S.A. Importadora Punto Nueve, S.A. El Gallo de San Isidro, S.A.
Dominican Republic	Unión Comercial de República Dominicana, S.A.
Caribbean Group:	
British Virgin Islands	Courts Caribbean Holding Inc (BVI)
St. Lucia	Cobalt Holding Co. Ltd. Unicomer (St. Lucia) Ltd. Cobalt Finance (St. Lucia) Ltd.
Belize	Unicomer (Belize) Ltd. Redstart Investments (Belize) Ltd.
Jamaica	Unicomer (Jamaica) Ltd.
St. Kitts & Nevis	Unicomer (St. Kitts & Nevis) Ltd.
Antigua & Barbuda	Courts (Antigua & Barbuda) Ltd.
Dominica	Unicomer (Dominica) Ltd.
St. Vincent & The Grenadines	Unicomer (St. Vincent) Ltd.
Grenada	Unicomer (Grenada) Ltd. Cobalt (Grenada) Holding Co. Ltd.
Trinidad & Tobago	Unicomer (Trinidad), Ltd. Redstart Investments Trinidad Ltd.
Guyana	Unicomer (Guyana) Inc. Redstart Investments (Guyana) Inc.
Barbados	Caribbean Licensing Corporation Unicomer (Barbados) Limited
Other subsidiaries:	
British Virgin Islands	Regal Worldwide trading (RWT) Inc.
United States Of America	Regal Worldwide Trading LLC
Bermuda	Canterbury Insurance Co. Ltd.

On March 21, 2013, Unión Comercial de Costa Rica, Unicomer, S.A. was merged into its wholly-owned subsidiary El Gallo más Gallo de Alajuela, S.A. In 2013 Comercializadora Verde Esmeralda changed its legal name to Union Comercial de Costa Rica, Unicomer S.A..

At March 31, 2013, Inversiones y Valores, S.A. was transferred to the company's shareholders. The transfers of the investments were recorded at book value. The consolidated shareholders' deficit as of March 31, 2013 was $19,000.

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 U.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:

a. Assets and liabilities are translated at the closing rate at the reporting date;

b. Share capital and retained earnings are converted at historical rates; Income and expenses are translated at average exchange rates; and

c. 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 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 Investment securities

The Group classifies its investments as available-for-sale, based on the purposes for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates such designation at each reporting date.

Investments classified as available-for-sale are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in market conditions. Purchases and sales of investments are recognized at trade date, which is the date that the Group commits to purchase or sell an asset. Available-for-sale investments are initially recognized at fair value plus transaction costs and are subsequently carried at fair value.

Investments are derecognized when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Changes in the fair value of monetary available-for-sale investments are analyzed between translation differences resulting in changes in amortized cost of the security and other changes. The translation differences are recognized in profit or loss and other changes in the carrying amount are recognized in other comprehensive income. Changes in the fair value of non-monetary available-for-sale investments are recognized in other comprehensive income.

2.7 Securities purchased under resale agreements

Securities purchased under resale agreements are short-term transactions whereby the Group purchases securities and simultaneously agrees to resell the securities on a specified date and at a specified price. The difference between the sale and repurchase consideration is recognized on the effective interest basis over the period of the transaction and is included in interest income.

2.8 Accounts receivable

Customer receivables are carried at amortized cost, less allowances for impairment. An allowance for impairment of customer receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables agreement. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance is determined on the basis of historical trends of losses and recoveries.

In assessing impairment on accounts that are not past due as of the reporting date, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred.

The charges or reversal of the allowance are recognized in the consolidated statement of income within distribution and selling expenses.

2.9 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.

2.10 Property and equipment

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.

2.11 Intangible assets

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 acquiree. 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 developing or 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 2.17d).

f. Amortization

Amortization is recognized in the consolidated statement of income 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:

Caribbean group	15 years
Ecuador	10 years (see note 10)
Costa Rica	10 years (see note 10)

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

2.12 Impairment of assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

a. Calculation of recoverable amounts

The recoverable amounts of the Group's loans and receivables are calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

Amortizable intangible assets are tested for impairment based on discounted future cash flows, and, if impaired, written down to recoverable value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of income even though the financial asset has not been derecognized. The amount of the cumulative loss recognized in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 independent cash inflows, the recoverable amount is determined for the group of operating assets to which the asset belongs.

b. Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. For all other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

2.13 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.

2.14 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.

2.15 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.

2.16 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 Board of Directors. Dividends payable are recognized when declared.

2.17 Revenue recognition

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 value-added tax, returns, rebates, and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

a. Sales of goods

Sales are recognized when a Group entity has delivered the product to the customer, the customer has accepted the product and collection of the related receivable is reasonably assured.

Sales are usually financed by the Group, and some are settled in cash or by credit card. The recorded revenue is the fair value amount receivable, less sales returns and discounts. Credit card fees are included in distribution and selling expenses.

b. Premiums

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.

c. Finance income

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 (see note 3.1).

d. Sales of extended warranty contracts

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 are similarly deferred and amortized.

2.18 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.

2.19 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 the consolidated statement of income 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.

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 recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c. Bonus plan

The Company 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 Company recognizes the provision for bonuses based on contractual or constructive obligations.

2.20 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 equity, 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 utilised. 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 realised.

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.

2.21 Related parties

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

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

   (i) has control or joint control over the reporting entity;

   (ii) has significant influence over the reporting entity; or

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

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

   (i) The entity and the reporting entity 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

   (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).

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

2.22 Financial instruments

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

a. Financial assets

The Group classifies its financial instruments as "loans and receivables" and "available-for-sale", 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 customer accounts receivable, related party balances, cash and short-term investments.

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, trade and other payables, and related party balances were classified as financial liabilities.

c. Derivative financial instruments

The Group holds derivative financial instruments to hedge its cash flow risk exposure on certain loans.

Derivatives are measured at fair value. Changes in the fair value of the derivative hedging instruments designated as cash flow hedges are recognized directly in equity to the extent that the hedges are effective. To the extent that the hedges are ineffective, changes in fair value are recognized in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, is terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs.

2.23 New standards and interpretations of, and amendments to, existing standards effective during the year:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations, with a date of initial application of January 1, 2013. The nature and effects of the changes are as follows:

(i) IFRS 10, *Consolidated Financial Statements (2011)*

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently, whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Group has therefore reassessed the control conclusion in respect of its investees as at January 1, 2013. This has however, not resulted in any changes to the control conclusions previously determined.

(ii) IFRS 13, *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

In accordance with the transitional provisions of IFRS 13, the Group applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(iii) IAS 19, *Employee Benefits*

As a result of the adoption of IAS 19, *Employee Benefits (2011)*, the Group has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

As a result of the change, the Group now determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability at the beginning of the annual period. Net interest also takes into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Actuarial gains and losses are now recognized immediately in other comprehensive income. Previously, the Group recognized actuarial gains and losses using the corridor method, which required that any cumulative unrecognized gains or losses exceeding 10% of the present value of the benefit obligation were recognized in profit or loss over the expected average remaining working lives of the employees affected.

(iv) Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

As a result of the amendments to IAS 1, items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that will never be reclassified to profit or loss. Also, the title of the statement has changed from statement of comprehensive income to statement of profit or loss and other comprehensive income.

2.24 New standards, and interpretations of and amendments to existing standards that are not yet effective:

At the date of authorization of the financial statements, certain new standards, and amendments to and interpretations of existing standards, have been issued which are not yet effective and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant to its operations:

- IFRS 9, *Financial Instruments (2010).* The revised IFRS supersedes the previous version of IFRS 9 issued in 2009 and is effective for accounting periods beginning on or after January 1, 2018. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The revised standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. The Group is assessing the impact that the standard will have on its 2019 financial statements.

- Amendments to IAS 36, *Impairment of Assets*: *Recoverable Amount Disclosures for Non-financial Assets*, which is effective for accounting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13, *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognized or reversed.

  The Group is assessing the impact that this standard may have on its 2015 financial statements.

- Amendments to IAS 39, *Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting,* which is effective for accounting periods beginning on or after January 1, 2014, adds a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

  The Group is assessing the impact that this standard may have on it 2015 financial statements.

- Amendments to IAS 32, *Financial Instruments: Presentation*, which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognized amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realize the asset and settle the liability simultaneously. The Group is assessing the impact that the standard will have on the 2015 financial statements.

- Improvements to IFRS, 2010-2012 and 2011-2013 cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the Group are as follows:

  - IFRS 13, *Fair Value Measurement*, has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

  - IAS 24, *Related Party Disclosures*, has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

  The Group is assessing the impact that these amended standards will have on its 2015 financial statements when they become effective.

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

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 statement of financial position and statement of 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.

4. Cash and cash equivalents

		2014 $'000	2013 $'000
Cash in bank and on hand	a.	22,181	64,323
Cash in savings accounts		11	137
Short-term bank deposits	b.	13,117	2,174
Restricted funds	c.	6,375	5,337
Securities purchased under resale agreements	d.	376	3,089
		42,060	75,060

a. Cash is comprised mainly of amounts held in current accounts, which do not earn interest.

b. The effective interest rate on short-term bank deposits was 0.02% - 5.00% (2013: 4.30%). These deposits have an average maturity of 30 days.

c. Restricted funds comprise guarantee deposits with financial institutions in connection with long-term borrowings – see note 13.

d. Unicomer (Jamaica) Limited entered into resale agreements for Government of Jamaica securities. The weighted average interest rate on these fixed rate resale agreements was 3.50%% (2013: 2.49%) and these investments have an average maturity of 2 days. At March 31, 2014, the fair value of assets acquired under resale agreements approximated their carrying value.

5. Accounts receivable

a. Accounts receivable as at March 31, 2014 and 2013 are as follows:

	2014 $'000	2013 $'000
Gross accounts receivable – customers	950,576	873,168
Allowance for forgiveness of instalments	(7,926)	(8,423)
Gross cash loans receivable – customers	94,629	52,911
Gross interest receivable	20,032	18,235
Unearned finance income	(271,743)	(226,897)
	785,568	708,994
Less: Allowance for impairment	(41,622)	(33,639)
	743,946	675,355
Current portion of accounts receivable, net	(533,799)	(460,424)
Non-current portion of accounts receivable, net	210,147	214,931

b. Current portion of accounts receivable:

	2014 $'000	2013 $'000
Gross accounts receivable, cash loans and interest receivable – customers	765,808	656,030
Unearned finance income	(204,745)	(169,421)
Total accounts receivable due within one year	561,063	486,609
Less: Allowance for impairment	(27,264)	(26,185)
	533,799	460,424

c. The aging of the customer accounts receivable portfolio as at March 31, 2014 and 2013 was as follows:

	2014			2013		
	Gross less unearned finance income $'000	Impairment allowance $'000	Net $'000	Gross less unearned finance income $'000	Impairment allowance $'000	Net $'000
Not past due	519,213	(3,642)	515,571	442,942	(3,176)	439,766
Past due 1-30 days	143,641	(3,330)	140,311	158,975	(3,608)	155,367
Past due 31-60 days	52,803	(3,921)	48,882	51,394	(4,064)	47,330
Past due 61-90 days	21,434	(3,943)	17,491	19,694	(3,932)	15,762
Past due 91-120 days	11,696	(3,792)	7,904	10,368	(3,854)	6,514
Past due 121-180 days	16,424	(8,447)	7,977	12,278	(6,721)	5,557
Past due more than 180 days	20,357	(14,547)	5,810	13,343	(8,284)	5,059
	785,568	(41,622)	743,946	708,994	(33,639)	675,355

In computing past due amounts in its aging of accounts receivable, the Group includes the full outstanding balance (net of unearned finance income) of those accounts with instalments past due.

The movement in the allowance for impairment of receivables during the year was as follows:

	2014 $'000	2013 $'000
Balance at beginning of year	33,639	25,409
Arising on acquisition of subsidiaries	-	6,728
Impairment losses recognized	60,200	39,961
Utilized during the year	(51,676)	(36,350)
Foreign exchange adjustment	(541)	-
Transfer of Invalcomer (note 2.3)	-	(2,109)
	41,622	33,639

6. Inventories

	2014 $'000	2013 $'000
Merchandise for resale	182,591	172,915
Spare parts	3,229	3,222
Goods in-transit	30,462	30,314
	216,282	206,451
Less: Allowance for impairment	(4,023)	(3,887)
	212,259	202,564

During the year, the Group recognized an expense of $1,011,000 (2013: $2,152,000) in respect of impairment allowances to reduce the inventories to their net realizable value.

7. Property and equipment

	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, 2012	98,856	37,062	34,639	6,965	18,392	3,303	199,217
Arising on acquisition of subsidiary	-	131	2,126	11	654	-	2,922
Additions	7,095	4,575	7,832	1,427	3,219	10,099	34,247
Disposals	(313)	(3,601)	(1,083)	(383)	(759)	(393)	(6,532)
Transfer of subsidiary	-	(470)	(220)	(76)	(636)	-	(1,402)
Sales	-	-	-	(14)	-	-	(14)
Transfers	3,076	2,375	151	-	69	(5,671)	-
Reclassifications	22	2,937	161	12	(156)	(3,120)	(144)
Translation adjustments	(4,058)	(661)	(903)	(244)	(521)	(99)	(6,486)
Balance as of March 31, 2013	104,678	42,348	42,703	7,698	20,262	4,119	221,808
Additions	7,371	5,211	7,878	1,534	5,499	10,789	38,282
Disposals	(253)	958	(4,440)	(440)	1,212	(909)	(3,872)
Sales	-	(4)	(3)	(174)	(85)	-	(266)
Transfers	380	4,410	280	-	359	(5,429)	-
Reclassifications	(910)	889	12	-	(302)	(117)	(428)
Adjustment	-	-	-	-	-	(216)	(216)
Translation adjustments	(3,511)	(640)	(1,200)	(245)	(492)	(109)	(6,197)
Balance as of March 31, 2014	107,755	53,172	45,230	8,373	26,453	8,128	249,111

	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
Accumulated depreciation							
Balance as of March 31, 2012	13,454	20,995	24,922	4,544	14,810	-	78,725
Depreciation for the year	1,510	4,349	3,901	777	2,041	-	12,578
Property impairment	2,425	-	-	-	-	-	2,425
Disposals	(23)	(3,453)	(927)	(283)	(677)	-	(5,363)
Transfer of subsidiary	-	(341)	(178)	-	(456)	-	(975)
Sales	-	-	-	(41)	(17)	-	(58)
Adjustments	(264)	(30)	(455)	(104)	(281)	-	(1,134)
Reclassifications	-	34	9	(18)	3	-	28
Translation adjustments	(204)	(204)	(380)	(59)	(346)	-	(1,193)
Balance as of March 31, 2013	16,898	21,350	26,892	4,816	15,077	-	85,033
Depreciation for the year	1,557	5,817	4,562	856	3,152	1	15,945
Disposals	(124)	1,037	(2,091)	(373)	(868)	-	(2,419)
Sales	-	2	(3)	(139)	(54)	-	(194)
Reclassifications	(80)	89	(8)	(1)	(370)	-	(370)
Translation adjustments	1,093	(291)	(811)	(148)	(345)	1	(501)
Balance as of March 31, 2014	19,344	28,004	28,541	5,011	16,592	2	97,494
Carrying amounts:							
At March 31, 2014	88,411	25,168	16,689	3,362	9,861	8,126	151,617
At March 31, 2013	87,780	20,998	15,811	2,882	5,185	4,119	136,775

8. Acquisition of subsidiaries and businesses

a. The movement of Goodwill for the years ended March 31, 2014 and 2013 is as follows:

	$'000
Balance as of March 31, 2012:	21,159
Arising on acquisition of Costa Rican subsidiaries [see note 9(b)]	37,773
Arising on acquisition of Caribbean business [see note 9(c)]	3,756
Effect of movements in exchange rates	142
Balance as of March 31, 2013:	62,830
Impairment for the year	(404)
Effect of movements in exchange rates	(3,354)
Balances as of March 31, 2014	59,072

A detail of the acquisitions in the Group is as follows:

b. Acquisition of Costa Rican subsidiary:

On September 14, 2012, the Group obtained 100% control of Comercializadora Verde Esmeralda, S.A. and subsidiaries ("CVE") in Costa Rica through a cash purchase.

This acquisition provides the Group with a major retail presence in Costa Rica. The Group expects significant growth opportunities through the introduction of products and merchandising techniques already in use in other Group retail operations. In addition, the Group expects to reduce costs through economies of scale, such as centralized purchasing and other Group functions.

(i) In the period from September 14, 2012 through March 31, 2013, CVE contributed revenue of $176,475,000 and net profit of $16,962,000 to the Group's results. If the acquisition had occurred on April 1, 2012, management estimates that for the year ended March 31, 2013 consolidated Group revenues would have been $1,320,050,000, and consolidated profit for the year would have been $79,002,000. In determining these results, management has assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on April 1, 2012.

(ii) Consideration paid and net cash outflow on the acquisition of the Costa Rican subsidiary were as follows:

	2013 $'000
Fair value of net assets acquired	182,076
Goodwill on acquisition	37,773
Consideration paid for subsidiary acquired	219,849
Less: Cash acquired in subsidiary	(6,884)
Net cash outflow	212,965

(iii) The identifiable assets acquired and liabilities assumed were as follows:

	Pre-acquisition carrying amounts $'000	Fair value adjustments $'000	Recognized values on acquisition $'000
Cash and short-term investments	6,884	-	6,884
Accounts receivable, net	102,986	-	102,986
Inventories	26,402	-	26,402
Property and equipment	2,800	-	2,800
Intangible assets	114	83,100	83,214
Other assets	5,754	-	5,754
Accounts payable	(31,101)	-	(31,101)
Provisions	(2,326)	-	(2,326)
Other accounts payable	(5,369)	-	(5,369)
Long-term loans	(6,325)	-	(6,325)
Deferred tax liabilities, net	(190)	-	(190)
Foreign exchange effect	(653)	-	(653)
	98,976	83,100	182,076

Pre-acquisition carrying amounts were determined based on applicable IFRS immediately prior to the acquisition. Assets and liabilities were recognized at their estimated fair values on acquisition.

(iv) The fair values of the intangible assets (Brand/trademarks and customer relationships) were determined based on an independent valuation (see note 9).

- The accounts receivable consisted mainly of retail receivables with gross contractual amounts due of $108,916,000 (net of unearned finance income), of which $5,930,000 was estimated to be impaired at the acquisition date.

- The goodwill is attributable mainly to the extensive network of over 100 stores in Costa Rica, as well as to the skills and talent of the CVE workforce. In addition, synergies are expected to be achieved from integrating the acquired chain into the Group's network of retail stores in 19 countries as well as with the Group's existing retail operations in Costa Rica. None of the goodwill recognized is expected to be deductible for tax purposes.

The Group incurred acquisition-related costs of $3,178,000 related to external investment brokers, legal fees and due diligence costs. These costs were included in "Administrative expenses" in the consolidated statement of income for the prior year.

c. Acquisition of business in the Caribbean:

Effective November 15, 2012, the Group acquired the business assets of Icon Distributors (Grenada) Ltd. Icon Distributors (St Lucia) Ltd. & Stellar Distributors (Trinidad) Ltd., respectively.

This acquisition enables the Group to increase its market share in the retailing and financing of consumer durables in the respective markets. In addition, the acquisition is expected to improve the Group's performance through economies of scale.

(i) In the period from November 15, 2012 through March 31, 2013, the acquired businesses contributed revenue of $3,168,000 and net profit of $620,000 to the Group's results. Had the acquisition occurred on April 1, 2012, management estimates that for the year ended March 31, 2013 consolidated revenues would have been increased by $11,747,000 and consolidated profit for the year would have been increased by $2,051,000.

(ii) The net identifiable assets were acquired as follows:

	2013 $'000
Identifiable assets:	
Accounts receivable	3,532
Inventory	620
Fixed assets	122
Customer relationships	3,078
Identifiable assets acquired	7,352
Goodwill on acquisition of business	3,756
Total consideration paid	11,108

(iii) The accounts receivable consisted mainly of retail receivables with gross contractual amounts due (net of unearned finance income) of $5,258,000, of which $840,000 was estimated to be impaired at the acquisition date.

(iv) The goodwill is attributable mainly to synergies that are expected to be achieved from integrating the acquired businesses into the Group's existing retail stores in Grenada, St. Lucia and Trinidad.

(v) The Group incurred acquisition-related costs of $315,000 related to external legal fees and due diligence costs. These costs were included in "Administrative expenses" in the consolidated statement of income for the prior year.

9. Intangible assets

	Software	Brands/ trademarks	Customer relationships	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
Balance as of March 31, 2012	10,638	25,418	17,939	278	54,273
Arising on acquisition of subsidiary	114	49,700	36,478	-	86,292
Additions	5,052	-	-	-	5,052
Impairment and loss on disposals	(37)	-	-	-	(37)
Transfer of subsidiary	(1,516)	-	-	-	(1,516)
Reclassifications	240	-	-	-	240
Translation adjustments	(81)	(157)	(98)	-	(336)
Balance as of March 31, 2013	14,410	74,961	54,319	278	143,968
Additions	5,689	-	-	95	5,784
Impairment and loss on disposals	(854)	-	-	-	(854)
Transfer of subsidiary	192	-	-	-	192
Reclassifications	294	-	-	-	294
Translation adjustments	(144)	(4,394)	(2,950)	-	(7,488)
Balance as of March 31, 2014	19,587	70,567	51,369	373	141,896
Accumulated amortization					
Balance as of March 31, 2012	5,702	-	4,211	32	9,945
Amortization for the year	1,814	-	2,606	72	4,492
Disposals	(22)	-	-	-	(22)
Transfer of subsidiary	(1,157)	-	-	-	(1,157)
Reclassifications	240	-	-	-	240
Adjustments	135	-	-	-	135
Translation adjustments	(21)	-	-	-	(21)
Balance as of March 31, 2013	6,691	-	6,817	104	13,612
Amortization for the year	1,559	-	5,454	50	7,063
Disposals	(544)	-	-	-	(544)
Reclassifications	291	-	-	-	291
Translation adjustments	(61)	-	(388)	-	(449)
Balance as of March 31, 2014	7,936	-	11,883	154	19,973
Carrying amounts:					
At March 31, 2014	11,651	70,567	39,486	219	121,923
At March 31, 2013	7,719	74,961	47,502	174	130,356

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value growth rates and EBITDA growth rate. 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 of March 31, 2014 were as follows:

	Discount rate		Terminal value growth rate		Budgeted EBITDA growth rate*	
	2014	2013	2014	2013	2014	2013
Costa Rica	8.0%	8.0%	3.0%	4.0%	18.1%	12.4%
Caribbean	11.6%	11.0%	4.2%	4.0%	10.8%	9.9%
Ecuador	12.0%	11.0%	3.0%	4.0%	6.4%	15.5%

* Compound annual growth rate for next four years for Ecuador and Costa Rica.

The discount rate is a post-tax measure estimated based on past experience and the weighted average cost of capital, which is based on a debt to equity ratio of 1.53 (2013: 2.4) at a market debt rate of 11.9% (2013: 12.0%) in the case of Ecuador; and a debt to equity ratio of 1.92 (2013: 2.0) at a market rate of 7.8% (2013: 6.4%) for Costa Rica.

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

At March 31, 2014, the estimated recoverable amount of the CGUs, exceeded the aggregate carrying amounts of net assets, including customer relationships, brands/trademarks and goodwill, plus borrowings ("enterprise value") by approximately $236,000,000 (2013: $21,000,000) in the case of Costa Rica, $377,979,822 (2013: $160,000,000) in the case of the Caribbean and $51,000,000 (2013: $94,000,000) in the case of Ecuador. 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	
	2014	2013	2014	2013
Costa Rica	+4.7pp	+2.1pp	-7.4pp	-2.8pp
Caribbean	+7.3pp	+22.0pp	-15.1pp	-8.0pp
Ecuador	+1.2pp	+24.4pp	-1.8pp	-7.8pp

10. Retirement benefits 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 5%. 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:

	2014 $'000	2013 $'000
Present value of funded obligations	(17,013)	(14,020)
Fair value of plan assets	19,216	19,142
Asset in the statement of financial position	2,203	5,122

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

	2014 $'000	2013 $'000
Balance at beginning of year	5,122	5,690
Contributions paid	197	168
Pension expense recognized in profit or loss	(180)	(123)
Re-measurement loss recognized in other comprehensive income	(2,877)	-
Translation adjustments	(59)	(613)
Balance at end of year	2,203	5,122

c. Movement in the present value of obligation:

	2014 $'000	2013 $'000
Balance at beginning of year	(14,020)	(13,904)
Service costs	(387)	(443)
Interest cost	(1,325)	(1,354)
Employees' contribution	(652)	(661)
Benefits paid	973	620
Actuarial gains arising from:		
Experience adjustments	(2,569)	597
Changes in financial assumptions	(128)	(44)
Translation adjustments	1,095	1,169
Balance at end of year	(17,013)	(14,020)

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

	2014 $'000	2013 $'000
Fair value of plan assets at beginning of year	19,142	17,934
Employees' contribution	652	661
Employer's contributions	197	168
Benefits paid	(973)	(620)
Interest income on plan assets	1,449	1,722
Administrative expenses paid	(38)	(103)
Remeasurement loss on assets included in other comprehensive income:	(180)	(609)
Translation adjustment	(1,033)	(11)
Fair value of plan assets at end of year	19,216	19,142

(ii) Plan assets consist of the following:

	2014 $'000	2013 $'000
Equities	5,225	4,966
Fixed income securities	11,524	11,736
Investment properties and real estate investment trust fund	1,248	1,319
Other	1,219	1,121
	19,216	19,142

e. Expense recognized in profit or loss:

	2014 $'000	2013 $'000
Current service costs	387	443
Interest income on pension plan assets	(1,696)	(1,778)
Interest cost on obligation	1,325	1,354
Administrative expenses	164	104
Net pension expense included in personnel expenses [note 18]	180	123

f. Amounts recognized in other comprehensive income:

	2014 $'000	2013 $'000
Remeasurement loss on obligation	(2,697)	-
Remeasurement loss on plan assets	(180)	-
	(2,877)	-

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 $127,445.

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.

	2014		2013	
	1% decrease	1% increase	1% decrease	1% increase
Discount rate	8,005	(3,758)	1,718	(1,321)
Future salary increases	(4,761)	6,551	(709)	819
Future pension increases	(765)	885	(615)	(721)

i. Liability duration:

	2014	2013
Active members and all participants	15.5 years	15.5 years

j. Defined contribution plans:

The subsidiaries' contributions for the year aggregated $518,942 (2013: $513,845).

k. The estimated pension contributions expected to be paid into both defined benefit and pension contribution plans during the next financial year is $721,449.

11. Deferred income taxes

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

a. Deferred tax assets:

	2014					2013				
	At beginning of year	Recognized in equity	Recognized in income	Translations adjustments	At end of year	At beginning of year	Arising on acquisition of subsidiary	Recognized in income	Translation adjustments	At end of year
Deferred warranty income	3,411	-	217	(47)	3,581	2,878	-	631	(98)	3,411
Tax effect of losses	1,366	-	677	-	2,043	1,257	-	109	-	1,366
Property and equipment	1,849	-	(88)	(10)	1,751	1,553	-	329	(33)	1,849
Impairment of receivables	3,234	-	6,937	(295)	9,876	1,587	1,779	(128)	(4)	3,234
Provision for warranties	646	-	(223)	(13)	410	386	259	4	(3)	646
Employee benefits	482	-	675	(11)	1,146	357	-	143	(18)	482
Inventories	987	-	36	(27)	996	650	175	166	(4)	987
Unearned finance income	4,135	-	(53)	1	4,083	2,649	-	1,486	-	4,135
Other	208	(28)	257	(3)	434	222	37	(46)	(5)	208
Total	16,318	(28)	8,435	(405)	24,320	11,539	2,250	2,694	(165)	16,318

b. Deferred tax liabilities:

	2014					2013				
	At beginning of year	Recognized in equity	Recognized in income	Translation adjustments	At end of year	At beginning of year	Arising on acquisition of subsidiary	Recognized in income	Translation adjustments	At end of year
Deferred warranty income	4,298	-	(406)	(188)	3,704	4,879	-	(227)	(354)	4,298
Hire purchase profits	4,725	-	523	(67)	5,181	4,114	-	611	-	4,725
Retirement benefit-assets	1,446	(682)	(143)	(90)	531	1,757	-	(118)	(193)	1,446
Deferred warranty expense	1,971	-	569	(9)	2,531	1,026	-	955	(10)	1,971
Inventories	2,706	-	235	(239)	2,702	186	2,441	85	(6)	2,706
Interest receivable	1,079	-	(100)	(7)	972	916	-	186	(23)	1,079
Employee benefit provision	1,014	-	211	3	1,228	1,045	-	(22)	(9)	1,014
Allowance for forgiveness of instalments	295	-	(77)	-	218	315	-	(20)	-	295
Impairment of receivables	131	-	(33)	1	99	284	-	(148)	(5)	131
Effect of tax losses	(285)	-	(73)	-	(358)	(248)	-	(37)	-	(285)
Other	693	-	801	(377)	1,117	301	-	374	18	693
Total	18,073	(682)	1,507	(973)	17,925	14,575	2,441	1,639	(582)	18,073

l. Net deferred tax assets amounting to $460,735 (2013: $198,283) have not been recognized in respect of the accumulated excess of tax losses and finance lease obligations over deferred tax liabilities, as management does not have a definite tax planning or operational strategy for utilizing these deferred tax assets within the foreseeable future.

12. Short-term borrowings

	Interest rates	2014 $'000	2013 $'000
Borrowings under short-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	4.32% - 5.45% (2013: 4.32% - 7.00%)	23,134	26,032
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	2.89% - 8.92% (2013: 3.01% - 4.50%)	46,110	21,068
Non-U.S. dollar based local functional currencies	6.16% - 13.50% (2013: 6.50% - 15.50%)	12,697	21,984
		81,941	69,084
Short-term borrowings:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	7.00% (2013: 5.52% - 7.00%)	7,000	27,000
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.00% - 6.63% (2013: 4.15% - 8.92%)	4,500	45,808
Non-U.S. dollar based local functional currencies	3.85% - 11.00%	5,041	-
		16,541	72,808
Total short-term borrowings		98,482	141,892

As of March 31, 2014, the Group has approved revolving credit lines of up to $156,062,028 (2013: $117,724,000) of which $81,941,000 (2013: $69,084,000) were used, at annual interest rates between 2.89% and 13.50% (2013: 3.01% - 15.50%).

Certain lines of credit and short-term loans of Unicomer Latin America Co. Ltd. and its subsidiaries are secured by the operating subsidiaries and with liens on assets as follows:

	2014 $'000	2013 $'000
Time deposits	-	1,067
Accounts receivable	-	1,500
Inventories	4,951	32,171
Property plant and equipment	931	475
	5,882	35,213

13. Long-term borrowings

	Interest rates	2014 $'000	2013 $'000
Long-term lines of credit (a)			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	3.24% - 16.00% (2013: 3.27% - 7.50%)	34,395	11,891
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	3.23% - 8.92% (2013: 3.28% - 4.50%)	38,556	33,755
Non-U.S. dollar based local functional currencies	9.50% - 10.09% (2013: 7.75% - 16.00%)	5,408	18,920
		78,359	64,566
Long-term loans (b)			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	11.25%	6,600	-
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.23%- 15.00% (2013 3.75%- 15.00%)	287,640	312,667
Non-U.S. dollar based local functional currencies	3.85% - 14.00% (2013: 6.50% - 14.00%)	177,021	125,522
		471,261	438,189
Securitization issuance and commercial paper (c)	7.28% - 8.00%	10,698	17,031
		560,318	519,786
Less: Capitalized loan transaction costs:			
At beginning of the year		(1,845)	(475)
Arising on new loans		(132)	(1,685)
Translation adjustments		86	-
Amortized in interest expense for the period		340	315
		(1,551)	(1,845)
Carrying value of long-term borrowings		558,767	517,941

Less:	Current portions of:		
	Long-term loans	(130,962)	(115,524)
	Securitization debt	(5,269)	(6,142)
	Current portion of long-term borrowings	(136,231)	(121,666)
	Long-term borrowings	422,536	396,275

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

	2014			2013
	Long-term loans $'000	Securitization $'000	Total $'000	Total $'000
Current portion	130,962	5,269	136,231	121,858
Between 1 and 2 years	111,631	5,429	117,060	77,751
Between 2 and 5 years	180,048	-	180,048	305,925
Over 5 years	126,979	-	126,979	14,252
	549,620	10,698	560,318	519,786

a. The Group has approved revolving long-term credit lines of up to $123,591,941 (2013: $91,723,000), of which $78,359,000 (2013: $64,566,000) were used, at annual interest rates between 3.23% and 16.00% (2013: 3.27% and 16.00%).

b. Of the total long-term borrowings of the Group, loans in the amount of $441,105,000 (2013: $317,225,000), are priced at floating interest rates that are adjustable quarterly. The remaining long-term borrowings are at fixed rates.

c. On June 21, 2011, the Company contracted a long-term unsecured loan in the amount of $130,000,000 with an international bank at a fixed interest rate of 3.75% for the first nine months, subsequently adjustable based on market circumstances. Interest was payable quarterly and the principal was payable on April 2, 2013. The proceeds of this loan were lent to Cobalt Holding Co. Ltd. for the same period at a fixed annual interest rate of 7.7%; Cobalt Holding Co. Ltd. used the funds to repay all the outstanding First and Second Priority bank loans due from its subsidiaries. On March 22, 2013, the loan was repaid with $25,000,000 being refinanced with the same financial institution with a new maturity date of March 22, 2018. The outstanding balance as of March 31, 2014 is $15,000,000 (2013: $25,000,000).

d. On November 2, 2011, the Company contracted a long-term loan in the amount of $52,000,000 with an international bank at a rate of Libor 3-month plus a spread, the Libor rate being reset every three months but with a minimum all-in interest rate of 3.75%. During the first year interest only was payable quarterly; beginning in the second year quarterly installments of principal of $2,000,000 are payable with a final principal payment of $28,000,000 due at maturity on November 9, 2015. The proceeds of this loan were lent on the same terms to Unicomer Latin America, Co. Ltd., which in turn used the funds to acquire three companies in Ecuador. The loan was fully repaid on March 28, 2014 (as of March 31, 2013, the outstanding balance was $48,000,000).

e. On September 14, 2012, the Company contracted a long-term loan in the amount of $100,000,000 with two international banks at a variable rate based on 3-month Libor plus spread with a minimum all-in interest rate of 4.00%. During the first year only interest was payable quarterly. After principal prepayments made during the year ended March 2014, the amortization profile was amended by the banks so that the new quarterly instalments of principal of $1,009,206 are payable beginning in the second year with a final principal payment of $56,009,206 due at maturity on September 16, 2019. The proceeds of this loan were used to acquire new subsidiaries in Costa Rica (see note 8). The outstanding balance of this loan is $77,202,530 ($100,000,000 as of March 31, 2013).

f. On March 28, 2014 the Company executed a long-term loan of $50,000,000 with an international bank bearing a fixed interest rate for a term of 5 years. The starting interest rate during the first year is 5.25%, with a 50bps annual increase from the second to the fourth year of the loan, and then a 7.00% interest rate during the fifth year. The loan principal is payable through annual installments of $5,000,000, $6,500,000, $8,500,000, $10,000,000, and a final payment of $20,000,000. The outstanding balance of this loan is $50,000,000 as of March 31, 2014.

g. On December 21, 2012, the Company contracted a long-term loan in the amount of $100,000,000 from an international bank at a variable rate based on 3-month Libor plus spread. During the first year only interest was payable quarterly; then the loan requires quarterly principal payments starting in $1,500,000 with annual increases until a final bullet payment of $50,150,000 is due on maturity date, December 21, 2019. The proceeds of this loan were used to repay short-term obligations to acquire new subsidiaries in Costa Rica (see note 8). The outstanding balance of this loan is $93,934,653 ($100,000,000 as of March 31, 2013).

h. Securitizations and commercial paper - The subsidiary in Ecuador has issued three securitizations of cash flows receivable from credit sales. A summary of these balances at March 31, 2014 is as follows:

Future cash flows securitization	Issue date	Interest rate	Term
First securitization	20/10/2010 to 04/04/2011	7.00% - 5.58%	4 years
Second securitization	15/02/2012 to 15/02/2013	7.00% - 8.00%	5 years

i. The company has issued three unsecured standby letters of credit for a total of $23,280,000 through an international bank to secure term bonds issued by Unicomer (Guyana) Inc. These term bonds are issued in Guyanese dollars in the equivalent amount of US$21,961,668 (2013: $22,473,761).

j. On November 9, 2012, Unicomer (Trinidad) Ltd. entered into a loan facility agreement in the amount of TTD 92,488,000 (equivalent to $14,500,000) with Citibank (Trinidad) Ltd., secured by a debenture on hire purchase receivables and stock in trade. The facility was repayable over 6 months with principal and interest at maturity date to be rolled over for further 6 month periods for a maximum period of 5 years.

k. On August 6, 2012, Unicomer (Belize) Ltd. entered into a loan facility agreement in the amount of BZD14,000,000 (equivalent to $6,854,000) with Atlantic Bank Limited, secured with First Demand Legal Charges over properties registered in the Belmopan and Caribbean Shores Registration sections. The facility is repayable over sixty months with the principal and interest at maturity date to be rolled over for a further sixty-month term.

l. On November 23, 2012, Redstart Investments (Guyana) Inc. entered into a loan facility agreement in the amount of GYD140,000,000 (equivalent to $693,000) with Republic Bank (Guyana) Ltd., at an interest rate of 10% per annum. The loan is secured by a first mortgage on the company's properties situated at Lots 589 & 598 Block 23, East Bank Demerara and assignment of rental income.

m. On August 27, 2012, Unicomer (Jamaica) Ltd. authorized the private placement by way of an exempt distribution under the Guidelines for Exempt Distributions (Guidelines SR-GUID-08/05-0016) of a series of 7-year promissory Bonds ("the Bonds") denominated in Jamaican dollars for an aggregate principal amount of up to JMD5,310,000,000 (equivalent to $53,957,000) and obtained long term (3 years) and short term (12 months) revolving credit facilities from Citibank N.A. - Jamaica Branch, not exceeding the JMD equivalent of US$5,000,000 for each respective facility.

n. On November 14, 2013, Unicomer (Trinidad) Limited raised TT$237,500,000 (equivalent to US $37,000,000) in short term notes ranging from 9-18 months and loan facilities between 18-36 months with multiple stakeholders, secured by Debenture on the company's hire purchase book debts and stock in trade. The company intends to renew the notes and loans when the current instruments and facilities mature.

o. As of March 31, 2014, three subsidiaries have loans payable to a U.S. financial institution in the aggregate amount of $72,315,228 (2013: $16,000,000), bearing interest at annual rates of 12.00%-12.40%. As of March 31, 2014, the Company and its subsidiary Unicomer Latin America Co. Ltd. renewed master loan participation agreements by which they purchase, without recourse or warranty from the financial institution, an undivided participation interest in these credit facilities. These loans are collateralized by time deposits of $11,000,000 held by the Company and $61,315,228 held by Unicomer Latin America Co. Ltd. in the same financial institution (see note 4).

p. On December 17, 2013, Unicomer Latin America Co. Ltd. executed a revolving credit line agreement up to $15,000,000 for a term of three years for the use of funds and 18 months for the payment of each disbursement. Drawdowns made under this $15,000,000 revolving line are indexed to a variable Libor 3-month base rate plus spread, for a term of three years with quarterly payments of principal and interest. This revolving line may be used solely by Unicomer Latin America Co. Ltd., or certain of its subsidiaries up to sub-limits as follows:

Name of company	Sub-limit $'000
Unicomer Latin America Co. Ltd.	15,000
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A.de C.V.	10,000
Unión Comercial de Nicaragua, S.A. and Unicoservi, S.A.	5,000
El Gallo más Gallo de Alajuela, S.A.	15,000

As of March 31, 2014, Unicomer Latin America Co. Ltd. had not drawn against this revolving line.

q. As of March 31, 2014, the Group has a $30,000,000 revolving line commitment. Drawdowns made from this $30,000,000 revolving line are indexed to a variable Libor 3-month base rate, for a term of three years with quarterly payments of principal and interest. This revolving line may be used solely by Unicomer Latin America Co. Ltd., or jointly with its subsidiaries up to certain sub-limits as follows:

Name of company	Sub-limit $'000
Unicomer Latin America Co. Ltd.	30,000
Unión Comercial de Guatemala, S.A. and Unicoservi, S.A.	10,000
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A.	10,000
Unión Comercial de Honduras, S.A. de C.V.	10,000
Unión Comercial de Nicaragua, S.A. and Unicoservi, S.A.	10,000
El Gallo más Gallo de Alajuela, S.A.	5,000

Of the total outstanding loans of $560,318,000 (2013: $519,786), certain loans are secured by the following assets:

	2014 $'000	2013 $'000
Restricted funds	6,375	2,311
Accounts receivable	102,026	60,272
Inventories	47,343	14,976
Property and equipment	5,212	5,291
Total	160,956	82,850

r. Under the terms of this agreement, the company is required to maintain the following ratios:

(a) Debt to Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) ratio not exceeding 3.50 times. At March 31, 2014 the ratio was 3.54 times. At the date of authorization of these financial statements, this breach was resolved by way of a waiver from the relevant bank.

(b) A minimum Adjusted Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) to Current Portion of Long Term Debt less Interest Expense of 1.15 times. As at March 31, 2014 the ratio was 0.93 times. At the date of authorization of these financial statements, the calculation of this covenant has been amended by the relevant bank, effective March 31, 2014 and onwards, to exclude a liability relating to the sale of accounts receivable with recourse, classified as debt in Ecuador, so that effectively, the breach is resolved from March 31, 2014.

14. Bonuses payable

	2014 $'000	2013 $'000
Balance at beginning of year	4,493	2,718
Arising on acquisition of subsidiaries	-	751
Charged to results of operations	4,049	4,105
Amounts paid	(2,919)	(3,081)
Translation adjustments	(52)	-
Balance at end of year	5,571	4,493
Amount expected to be paid within 12 months	5,571	2,585
Amount expected to be paid after more than 12 months	-	1,908
	5,571	4,493

15. Provisions

	Product warranties	Employee benefits	Total
	$'000	$'000	$'000
Balance as of March 31, 2012	3,931	4,003	7,934
Arising on acquisition of subsidiaries	589	-	589
Charged to profit for the year	8,863	1,979	10,842
Amount used during the year	(8,876)	(402)	(9,278)
Released during the year	(189)	-	(189)
Translation adjustments	(144)	(127)	(271)
Balance as of March 31, 2013	4,174	5,453	9,627
Charged to profit for the year	7,806	3,467	11,273
Amount used during the year	(7,666)	(347)	(8,013)
Translation adjustments	(180)	(131)	(311)
Balance as of March 31, 2014	4,134	8,442	12,576

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 Labor 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, totaling $1,973,107. The remaining balance of the retirement provision in that subsidiary amounted to $1,609,000 (2013: $1,587,000).

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 the current period.

16. Share capital and statutory reserve

a. Share capital

	2014 $'000	2013 $'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
Consideration paid for issued and fully paid ordinary shares:		
76,032,774 Class "A" Ordinary shares of $1.19 each	90,572	90,572
76,032,774 Class "B" Ordinary shares of $1.19 each	90,572	90,572
	181,144	181,144
Comprising:		
Share capital at $1 per share	152,066	152,066
Share premium	29,078	29,078
	181,144	181,144

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. Infotech elects the Chairman, who will have a double vote in case of a tie.

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. Derivative financial instruments

The Company holds derivatives to reduce variability of cash flows associated with certain variable-rate borrowings. Management has documented the effectiveness of these hedges and determined whether hedge accounting applies. The derivative financial instruments are as follows:

Hedging instruments	Notional amount $'000	Termination date	2014 $'000	2013 $'000
Rate cap 2.00% (2013: $48,000)	$40,000	November 9, 2015	6	28
Rate cap 2.50%	$40,000	March 28, 2017	181	159
			187	187

For both periods reported, the $40,000,000 notional derivative expiring March 2017 did not meet hedge accounting criteria; any fluctuation in its fair value has been accounted for as financial expense. The $40,000,000 (2013: $48,000,000) notional derivative expiring November 2015 met hedge accounting criteria for the reporting period ended March 2013. During the reporting period ended March 2014, this derivative no longer met the prospective effectiveness criteria and hedge accounting was discontinued.

18. Operating expenses

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

	2014 $'000	2013 $'000
Personnel expenses	206,195	171,200
Accounts receivable – impairment	60,200	39,961
Operating leases	47,218	39,701
Advertising	32,052	30,751
Freight expenses	19,469	16,974
Depreciation of property and equipment and impairment	15,945	15,003
Amortization of intangible assets and impairment	7,467	4,492
Utilities	14,566	12,792
Commissions and others	9,686	8,063
Repairs and maintenance	9,645	8,733
Maintenance and leasing computer equipment	9,282	6,917
Telecommunications	9,243	8,403
Travel expenses	7,197	6,095
Extended warranty claims and administrative expenses	7,157	4,369
Professional fees	6,499	9,230
Insured warranty claims	6,119	4,860
Insurance	5,965	5,264
Security services	5,745	4,763
Administrative services	3,454	2,479
Municipal tax	3,438	2,859
Charitable donations	1,366	1,237
Other operating expenses, net	11,292	10,176
	499,200	414,322
Comprising:		
Distribution and selling expenses	413,266	329,653
Administrative expenses	85,934	84,669
	499,200	414,322

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

	2014 $'000	2013 $'000
Wages and benefits	117,728	109,950
Commissions	40,579	34,578
Social security and pension cost	18,315	16,524
Other employee benefits	29,573	10,148
	206,195	171,200

The average number of full-time-equivalent employees for the year ended March 31, 2014, was 14,184 (2013: 12,924).

19. Income tax expense

a. Tax expense for the year comprises the following:

	2014 $'000	2013 $'000
Current tax expense		
Current year charge	28,741	25,730
Prior year over provision	(160)	-
Other (alternative minimum taxes)	1,168	1,286
Deferred tax expense		
Effect of tax losses	(750)	(146)
Origination and reversal of other temporary differences	(6,178)	(909)
	22,821	25,961

b. Reconciliation of tax expense:

	2014 $'000	2013 $'000
Profit before income tax	89,837	96,046
Computed "expected" tax expense at subsidiaries' tax rates	16,818	21,096
Tax effect of differences between profit for financial statements and tax reporting purposes on:		
Non-deductible expenses	6,388	2,520
Non-taxable income	(499)	(1,249)
Tax losses	586	348
Disallowed expenses and capital items	(152)	(148)
Other	(320)	3,394
	22,821	25,961

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.

20. Related-party transactions

Certain key administrative services related 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:

	2014 $'000	2013 $'000
Expenses incurred for services	6,462	7,093
Purchases of merchandise	2,160	2,560
Expenses for advertising related materials	763	439
Purchase of fixed assets	221	-
Sales of merchandise	143	34
Proceeds on sale of accounts receivable portfolio	30,787	-
Gain on sales of portfolio	3,451	-
Income from services provided	1,934	894
Interest income on loan granted to related company	85	-

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

	2014 $'000	2013 $'000
Salaries and short-term benefits	7,666	8,244
Statutory contributions	131	168
Other	498	188
	8,295	8,600

21. 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:

	2014 $'000	2013 $'000
Within one year	41,437	36,146
Between one and five years	95,422	92,094
After five years	41,398	32,754
	178,257	160,994

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 a related company maintains a bank facility under which the bank issues documentary and stand-by letters of credit for up to $52,500,000 (2013: $45,000,000) to third party vendors in connection with the purchase of inventories. The Company's subsidiaries guarantee this facility as follows:

Name of subsidiary	2014 $'000	2013 $'000
Unión Comercial de Guatemala, S.A. and Unicoservi, S.A.	6,250	6,250
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	6,250	6,250
Unión Comercial de Nicaragua and Unicoservi, S.A.	6,250	6,250
Unión Comercial de Honduras, S.A. de C.V.	6,250	6,250
	25,000	25,000

(ii) A $30,000,000 revolving line of credit for Unicomer Latin America Co. Limited and its subsidiaries is guaranteed by Group subsidiaries as detailed below. At March 31, 2014 the amount drawn down against this line of credit was $19,546,916 (2013: $29,997,000).

Name of subsidiary	Guarantee up to $'000
Unión Comercial de Guatemala, S.A. and Unicoservi, S.A.	12,000
Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A de C.V.	2,500
Unión Comercial de Honduras, S.A. de C.V.	9,000
Unión Comercial de Nicaragua, S.A. and Unicoservi, S.A.	6,000
Gallo más Gallo de Alajuela, S.A. (Costa Rica)	500
	30,000

(iii) During the years ended March 31, 2014 and 2013, the Company renewed three unsecured standby letters of credit for a total of $23,280,000 through an international bank to secure term bonds issued by Unicomer (Guyana) Inc..

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

(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.

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:

	2014						
	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Payables	174,384	174,384	174,384	-	-	-	-
Due to related companies	2,506	2,506	2,506	-	-	-	-
Bonuses payable	5,571	5,571	5,571	-	-	-	-
Borrowings	657,249	806,753	160,774	106,734	144,875	238,173	156,197
Total	839,710	989,214	343,235	106,734	144,875	238,173	156,197

	2013						
	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Payables	165,084	165,084	165,084	-	-	-	-
Due to related companies	1,883	1,883	1,883	-	-	-	-
Bonuses payable	4,493	4,493	2,585	-	1,908	-	-
Borrowings	659,833	772,421	170,026	118,039	103,527	178,804	202,025
Total	831,293	943,881	339,578	118,039	105,435	178,804	202,025

(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 Courts 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.

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

As of March 31, 2014 and 2013, 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		Courts Caribbean Group	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash and short-term deposits	(43)	5,299	674	918
Due from related companies	8,407	11,116	6,215	3,747
Loans payable	(63,289)	(75,164)	-	-
Leasing deposits	496	72	-	-
Accounts payable	(23,959)	(29,242)	-	-
Due to related companies	(19,210)	(18,530)	(61,139)	(36,333)
Gross exposure	(97,598)	(106,449)	(54,250)	(31,668)

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:

	2014											
	Unicomer Latin America Group					Courts Caribbean Group						
	GTQ $'000	HNL $'000	NIC $'000	DOP $'000	CRC $'000	BBD $'000	BZD $'000	XCD $'000	GYD $'000	JMD $'000	TTD $'000
Receivables	471,205	701,262	1,166,184	304,878	72,494,458	50,352	50,482	162,692	9,468,623	10,266,353	686,419
Cash & short-term investments	13,719	18,577	38,058	11,038	850,276	1,999	1,874	4,429	438,218	289,457	20,601
Loans	(344,150)	(576,728)	-	(82,294)	(49,689,273)	-	(13,619)	-	(4,667,991)	(4,994,189)	(261,996)
Leasing deposits	-	-	-	-	40,160	-	-	-	-	-	-
Payables	(76,056)	(166,482)	(62,386)	(23,012)	(15,202,982)	(3,734)	(17,829)	(10,373)	(212,779)	(630,092)	(47,869)
Gross exposure:											
Local currency	64,718	(23,371)	1,141,856	210,610	8,492,639	48,617	20,908	156,748	5,026,071	4,931,529	397,155
USD equivalent	8,375	(1,118)	44,548	4,886	15,340	24,257	10,238	58,055	24,315	45,126	61,959

	2013											
	Unicomer Latin America Group					Courts Caribbean Group						
	GTQ $'000	HNL $'000	NIC $'000	DOP $'000	CRC $'000	BBD $'000	BZD $'000	XCD $'000	GYD $'000	JMD $'000	TTD $'000
Receivables	431,627	676,992	900,715	234,454	63,075,350	49,424	39,995	162,696	6,381,596	9,134,162	564,800
Cash & short-term investments	13,978	32,133	30,013	20,973	3,756,703	2,090	2,860	6,330	591,002	678,995	24,219
Loans	(298,000)	(433,169)	-	(89,371)	(3,238,061)	-	(8,310)	-	(4,676,932)	(5,482,369)	(92,488)
Leasing deposits	-	-	-	-	101,902	-	-	-	-	-	-
Payables	(72,612)	(118,550)	(102,613)	(220,817)	(14,053,142)	(3,104)	(9,825)	(12,982)	(192,844)	(507,400)	(43,683)
Gross exposure:											
Local currency	74,993	157,406	828,115	(54,761)	49,642,752	48,410	24,720	156,044	2,102,822	3,823,388	452,848
USD equivalent	9,642	7,746	33,935	(1,334)	98,371	24,205	12,118	57,794	10,410	38,852	70,647

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

	Unicomer Latin America Group					Courts Caribbean Group					
	GTQ	HNL	NIC	DOP	CRC	BBD	BZD	XCD	GYD	JMD	TTD
At March 31, 2013	7.78	20.32	24.42	41.06	504.67	2.00	2.04	2.70	202.00	98.41	6.41
At March 31, 2014	7.73	20.90	25.64	43.10	553.63	2.00	2.04	2.70	206.71	109.28	6.41

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, 2014 and 2013 is not significant to the profit and equity reported for the Group.

In the Courts Caribbean Group, with the exception of the Jamaican dollar, all the currencies in the Group have been relatively stable against the U.S. dollar. A 15% (2013: 10%) weakening or a 1% (2013: 1%) strengthening of the Jamaican dollar against the U.S. dollar at March 31 would have increased/(decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2014		2013	
	Profit $'000	Equity $'000	Profit $'000	Equity $'000
JMD				
15% weakening (2013: 10%)	(4,855)	(2,720)	(3,631)	(552)
1% strengthening	323	181	363	55

(iv) 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 uses 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:

	2014 $'000	2013 $'000
Fixed rate instruments:		
Financial assets	768,060	747,670
Financial liabilities	(216,144)	(256,789)
	551,916	490,881
Variable rate instruments:		
Financial assets	17,946	2,746
Financial liabilities	(441,105)	(403,043)
	(423,159)	(400,297)

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:

As the Company holds an interest rate cap with a nominal amount of $80,000,000, a change of 100 basis points in interest rates at the reporting date would have had a positive/(negative) effect on the result of operations by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	2014		2013	
	100bp increase $'000	100bp decrease $'000	100bp increase $'000	100bp decrease $'000
Effect on profit for variable rate instruments	(3,567)	3,567	(3,620)	3,620

- *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.

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.

23. 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.

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 defence 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:

(i) The VAT division of the Customs and Excise Department has assessed Unicomer Barbados, for an amount of $900,600. A response has been prepared by that subsidiary to which $126,084 of that assessment has been agreed and has been accrued for.

(ii) Additional assessments in Trinidad in respect of the following: disallowed expenses of $847,500 relating to 2000 and 2001 for which supporting documents could not be provided as they were destroyed by fire in 2007.

(iii) Unicomer (St. Lucia) Limited has received assessments from the Inland Revenue department claiming outstanding income taxes of $3,478,000 in respect of income years 2005-2010. These liabilities are in respect of the disallowance of interest expense on acquisition loans. The subsidiary is disputing these liabilities and is in the process of resolving this issue with the Inland Revenue.

25. Reclassifications

Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to the presentation used in 2014. These reclassifications had no effect on the total assets, equity or profit reported for the prior year:

		2013		
		As previously reported $'000	Reclassification $'000	As adjusted $'000
(i)	Effects on statement of financial position			
	Deferred acquisition cost	10,167	3,465	13,632
	Other assets	7,501	(3,465)	4,036
	Short term borrowings	127,472	14,420	141,892
	Current portion of long term borrowings	136,086	(14,420)	121,666
(ii)	Effects on the statement of profit or loss and other comprehensive income			
	Sales	889,357	6,754	896,111
	Finance income earned on credit sales	287,936	208	288,144
	Cost of Sales	(645,760)	(4,867)	(650,627)
	Operating expenses	(412,227)	(2,095)	(414,322)

26. 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 and Guyana.

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

United Stated of America Group: includes the subsidiaries based in Texas and Delaware in the United States.

The company and its corresponding accounting entries are recognized as adjusting entries to the consolidated reports.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment EBITDA as a primary indicator, followed by Profit Before Income Tax (PBIT), 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.

b. Information about reportable segment

	Caribbean		Latin America		USA		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues										
Sales	319,358	301,905	749,325	588,680	5,536	5,497	(247)	29	1,073,972	896,111
Premium income	19,023	18,822	-	-	-	-	-	-	19,023	18,822
Finance income on credit operations	122,966	112,680	213,857	173,745	1,822	1,719	-	-	338,645	288,144
Inter-segment revenues	4,389	64	-	-	-	-	286,172	257,122	290,561	257,186
Segment revenue	465,736	433,471	963,182	762,425	7,358	7,216	285,925	257,151	1,722,201	1,460,263
Depreciation/ amortization	(5,453)	(6,850)	(17,015)	(12,138)	(248)	(238)	(292)	(269)	(23,008)	(19,495)
Financial income – interest	670	166	729	1,013	-	-	4,312	8,251	5,711	9,430
Financial expense – interest	(14,455)	(13,357)	(25,343)	(19,719)	-	-	(15,346)	(13,638)	(55,144)	(46,714)
Segment profit before tax	50,575	47,253	40,892	40,851	(1,492)	(1,082)	31,136	29,788	121,111	116,810
Segment tax	(8,813)	(11,600)	(14,407)	(14,104)	-	-	399	(257)	(22,821)	(25,961)
Reportable segment assets	573,954	597,241	877,066	819,454	9,650	8,709	775,411	629,812	2,236,081	2,055,216
Reportable segment liabilities	272,306	332,634	495,755	448,983	5,524	3,091	492,733	370,781	1,266,318	1,155,489
Capital expenditure	18,553	12,427	19,230	24,680	57	63	-	-	37,840	37,170
Restructuring and one-off costs	(404)	(2,740)	(1,943)	(118)	-	-	-	(2,745)	(2,347)	(5,603)

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

		2014 $'000	2013 $'000
(i)	Revenues		
	Total revenues for reportable segments	1,436,276	1,203,112
	Revenues for other segments	285,925	257,151
	Subtotal	1,722,201	1,460,263
	Elimination of inter-segment revenue	(276,922)	(244,943)
	5% mark up intercompany profit for the year	(13,639)	(12,243)
	Consolidated revenue	1,431,640	1,203,077
(ii)	Profit or loss before tax		
	Total profit or loss for reportable segments	89,975	87,022
	Profit or loss for other segments	31,136	29,788
	Subtotal	121,111	116,810
	5% mark up intercompany profit for the year	(1,002)	573
	5% crawling peg exchange rate	550	550
	Gain on conversion of PIK note	(3,171)	-
	Dividend income between segments	(29,600)	(21,272)
	Other consolidation adjustments	1,949	(615)
	Consolidated profits before income tax	89,837	96,046
(iii)	Assets		
	Total assets for reportable segments	1,460,670	1,425,405
	Assets for other segments	775,411	629,812
	Subtotal	2,236,081	2,055,217
	Elimination of investment in subsidiaries	(494,185)	(438,317)
	Elimination of goodwill in subsidiaries	(54,823)	(54,823)
	Elimination of related party loans and receivables	(258,447)	(181,013)
	Other consolidation adjustments	7,299	(10,951)
	Consolidated total assets	1,435,925	1,370,113
(iv)	Liabilities		
	Total liabilities for reportable segments	773,585	784,708
	Liabilities of other segments	492,733	370,781
	Subtotal	1,266,318	1,155,489
	Elimination of related party loans and payables	(256,487)	(183,723)
	Elimination of loan participations	(11,000)	(11,000)
	Other consolidation adjustments	(11,110)	(7,624)
	Consolidated total liabilities	987,721	953,142

(v) Other material items

	2014				2013			
	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	1,399	4,312	(4,380)	1,331	1,179	8,251	(8,509)	921
Financial expense - interest	(39,798)	(15,346)	5,007	(50,137)	(33,076)	(13,638)	7,882	(38,832)
Depreciation and amortization	(22,716)	(292)	-	(23,008)	(19,226)	(269)	-	(19,495)
Capital expenditures	37,840	-	442	38,282	37,169	-	-	37,169
Impairment losses on financial assets	(404)	-	-	(404)	(2,425)	-	-	(2,425)
Average full time employees	14,184	-	-	14,184	12,924	-	-	12,924

d. Geographic Information

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

	2014		2013	
	Revenues $'000	Non-current assets $'000	Revenues $'000	Non-current assets $'000
Jamaica	124,950	92,920	126,056	72,836
Barbados	34,179	25,967	33,166	24,191
Trinidad & Tobago	148,376	46,973	125,218	52,481
Guyana	41,135	22,059	40,936	20,097
Belize	20,963	16,581	20,194	9,771
Guatemala	118,286	22,374	106,570	21,309
El Salvador	111,244	26,739	113,407	17,506
Honduras	89,349	28,562	87,892	28,227
Nicaragua	104,896	21,708	92,779	18,989
Costa Rica	327,391	162,429	186,307	174,933
Ecuador	194,958	39,788	157,485	28,728
Other countries	115,913	74,945	113,067	108,103
	1,431,640	581,045	1,203,077	577,171

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