InRetail Perú Corp. and Subsidiaries

Interim consolidated financial statements as of March 31, 2014 (unaudited) and December 31, 2013 (audited) and for the three-month periods ended March 31, 2014 and 2013

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Interim consolidated statement of financial position

As of March 31, 2014 (unaudited) and December 31, 2013 (audited)

	Note	2014	2013
		S/.(000)	S/.(000)
Assets			
Current assets			
Cash and short-term deposits	5	151,429	282,571
Trade receivables, net	6	69,874	82,155
Other receivables, net		42,002	32,742
Accounts receivables from related parties	19 (b)	89,271	86,048
Inventories, net	7	753,494	778,988
Available-for-sale investment	8	17,272	17,171
Prepayments		33,765	23,371
Taxes recoverable		189,325	158,721
Total current assets		1,346,432	1,461,767
Non-current assets			
Other receivables, net		7,335	7,027
Prepayments		22,447	21,637
Taxes recoverable		410	390
Property, furniture and equipment, net	9	2,127,425	2,106,565
Investment properties	10	1,770,337	1,695,897
Intangible assets, net	11	1,157,934	1,155,774
Other assets		376	353
Total non-current assets		5,086,264	4,987,643
Total assets		6,432,696	6,449,410

	Note	2014	2013
		S/.(000)	S/.(000)
Liabilities and equity			
Current liabilities			
Trade payables	12	1,134,094	1,287,351
Other payables		208,887	203,480
Accounts payable to related parties	19(b)	43,143	30,893
Current income tax	14(b)	5,490	416
Interest-bearing loans and borrowings	13	194,943	162,204
Deferred revenue		3,590	3,557
Total current liabilities		1,590,147	1,687,901
Accounts payable to related parties	19(b)	3,787	3,642
Interest-bearing loans and borrowings	13	1,578,548	1,559,468
Derivative financial instrument		1,974	2,747
Deferred revenue		44,170	30,253
Deferred income tax liabilities, net	14	225,489	213,485
Total non-current liabilities		1,853,968	1,809,595
Total liabilities		3,444,115	3,497,496
Equity			
Capital stock	15	2,138,566	2,138,566
Additional paid in capital		549,793	549,793
Unrealized results on financial instruments		62	(2,737)
Retained earnings		300,036	266,172
Equity attributable to owners of the parent		2,988,457	2,951,794
Non-controlling interests		124	120
Total equity		2,988,581	2,951,914
Total liabilities and equity		6,432,696	6,449,410

The accompanying notes are an integral part of these consolidated statements.

InRetail Perú Corp. and Subsidiaries

Interim consolidated Income statement
For the three-month periods ended March 31, 2014 and 2013

	Note	2014 S/.(000)	2013 S/.(000)
Net sales of goods		1,334,606	1,179,774
Rental income		43,484	32,161
Rendering of services		28,308	20,975
Revenue		1,406,398	1,232,910
Cost of sales	17	(1,006,929)	(886,127)
Gross profit		399,469	346,783
Other operating income		16,069	14,017
Selling expenses	17	(272,703)	(244,209)
Administrative expenses	17	(38,561)	(34,441)
Other operating expenses		(250)	(659)
Operating profit		104,024	81,491
Finance income		3,780	8,290
Finance costs	18	(45,802)	(40,780)
Net exchange difference		(6,027)	(21,393)
Profit before income tax		55,975	27,608
Income tax expense	14	(22,109)	(12,980)
Profit for the period		33,866	14,628
Attributable to:			
Owners of the parent		33,864	14,627
Non-controlling interests		2	1
		33,866	14,628
Earnings per share:	20		
Basic and diluted profit for the period attributable to ordinary equity holders of the parent		0.33	0.14

All items above are related to continuing operations.

The accompanying notes are an integral part of these consolidated statements.

InRetail Perú Corp. and Subsidiaries

Interim consolidated statement of comprehensive income
For the three-month periods ended March 31, 2014 and 2013

	Note	2014	2013
		S/.(000)	S/.(000)
Profit for the period		33,866	14,628
Other comprehensive income			
Unrealized gain (loss) on available-for-sale investments		3,589	(146)
Transfer of the realized gain on available-for-sale investments to the profit for the period		(1,444)	-
Income tax effect		(8)	43
		2,137	(103)
Loss on hedging derivative financial instrument		689	4
Income tax effect		(25)	(79)
		664	(75)
Other comprehensive income for the period, net of income tax effects		2,801	(178)
Total comprehensive income for the period		36,667	14,450
Attributable to:			
Owners of the parent		36,665	14,449
Non-controlling interests		2	1
		36,667	14,450

The accompanying notes are an integral part of these consolidated statements.

InRetail Perú Corp. and Subsidiaries

Interim consolidated statement of change in equity

For the three-month periods ended March 31, 2014 and 2013

	Capital stock	Additional paid in capital	Capital premiun	Unrealized results on financial instruments	Retained earnings	Total	Non-controlling interest	Total equity
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
As of january 1, 2013	2,138,566	551,209	-	374	210,353	2,900,502	119	2,900,621
Profit for the period					14,627	14,627	1	14,628
Other Comprensive income				(178)	-	(178)	-	(178)
Total comprehsive income	-	-	-	-178	14,627	14,449	1	14,450
Capital contribution	-	-				-	-	-
Expenses related to the share	-	(1,312)	-	-	-	(1,312)	-	(1,312)
Dividends					-	-	-	-
Cash contribution	-		-			-		-
Others					-	-	-	-
As of March 31, 2013	2,138,566	549,897	-	196	224,980	2,913,639	120	2,913,759
As of january 1, 2014	2,138,566	-	549,793	(2,737)	266,172	2,951,794	120	2,951,914
Profit for the period	-	-		-	33,864	33,864	2	33,866
Other comprensive income	-	-	-	2,799	-	2,799	2	2,801
	-			2,799	33,864	36,663	4	36,667
Expenses related to the share issuance	-	-	-		-	-		-
Dividends					-	-	-	-
Others						-		-
As of March 31, 2014	2,138,566	-	549,793	62	300,036	2,988,457	124	2,988,581

The accompanying notes are an integral part of these consolidated statements.

InRetail Perú Corp. and Subsidiaries

Interim consolidated statement of cash flows

For the three-month periods ended March 31, 2014 and 2013

	2014	2013
	S/.(000)	S/.(000)
Operating activities		
Net profit	33,866	14,628
Non-cash adjustment to reconcile profit before tax to net cash flows		
Allowance for doubtful accounts receivable, net of recoveries	297	1,792
Depreciation of property, furniture and equipment	26,337	22,759
Amortization of intangible assets	2,404	1,752
Amortization of key money	372	302
Provision for inventory impairment, net of recoveries	2,841	268
Loss on disposal of property, furniture and equipment and intangible assets	115	-
Gain on valuation of investment properties	(15,496)	(1,845)
Finance cost	45,802	40,780
Finance income	(3,780)	(8,290)
Deferred income tax	11,976	3,739
Others	(1,696)	(10,000)
Working capital adjustments		
Decrease (increase) in trade receivables	11,985	2,282
Decrease (increase) in accounts receivables from related parties	(7,708)	23,067
decrease (increase) in other receivables	22,653	(10,557)
Decrease (increase) in inventory	(11,538)	(2,988)
Decrease (increase) in prepayments	(20,295)	(37,431)
Increase in taxes recoverable	(153,257)	(25,494)
Increase (decrease) in trade payables	15,616	(541)
Increase (decrease) current income tax	(3,428)	(9,400)
Increase (decrease)in other payables	25,960	(20,897)
Net cash flows from operating activities	(16,974)	(16,074)
Investing activities		
Purchase of property, furniture and equipment, net of acquisitions through leasing contracts	(42,226)	(87,693)
Purchase of available for sales investment	(50,960)	(155,108)
Sales of fair value investment through profit and loss	-	275,786
Purchase and development of intangible assets	(4,564)	(5,036)
Prepayment of VAT in work progress of investment propierties	(10,329)	(3,512)
Decrease (increase) in other receivables from related parties	12,980	-
Net cash flows used in investing activities	(95,099)	24,437

Interim consolidated statement of cash flows (continued)

	2014	2013
	S/.(000)	S/.(000)
Financing activities		
Proceeds from interest-bearing loans and borrowings	22,124	-
Issuance of bonds	-	-
Repayment of interest-bearing loans and borrowings	(9,519)	(13,300)
Expenses related to the share issuance	-	(1,312)
Application of financial instrrument of related parties	12,655	-
Repayment of bonds payable	-	-
Interest paid	(44,306)	(14,963)
Dividends	-	-
Net cash flows (used in) from financing activities	(19,046)	(29,575)
Net decreaseof cash and short-term deposits	(131,119)	(21,212)
Net foreign exchange difference	(23)	(60)
Cash and short–term deposits at the beginning of the period	282,571	541,864
Cash and short–term deposits at the end of the period	151,429	520,592

The accompanying notes are an integral part of these consolidated statements

1. Business activity

InRetail Peru Corp, (hereinafter "the Company"), is a holding incorporated in January 2011 in the Republic of Panama and is a subsidiary of Intercorp Retail Inc., which in turn is a subsidiary of Intercorp Peru Ltd. (a holding company incorporated in Bahamas, hereinafter "Intercorp Peru") which is the ultimate parent and hold 100.00 percent of Intercorp Retail Inc.'s capital stock.

Taking into consideration the reorganization process and International share offering explained in 2(a) below, as of March 31, 2014, the percentages of ownership are:

Owner	**Percentage of Ownership**
	%
Intercorp Retail Inc.	58.04
Intercorp Financial Services	2.33
Intercorp Perú Ltd	3.26
Inteligo Bank	7.81
NG Pharma Corp.	6.30
Others	22.26
	100.00

The Company's legal address is 50 Street and 74 Street, floor 16, PH Building, San Francisco, Republic of Panama; however, its Management and administrative offices are located at Calle Morelli N° 181 4to piso, San Borja, Lima Perú.

The accompanying interim consolidated financial statements as of March 31, 2014 and December 31, 2013 were approved by the Board of Directors on April 30, 2014.

2. Reorganization of Intercorp Peru's Subsidiaries and International share offering

(a) Reorganization of Intercorp Perú´s Subsidiaries

Intercorp Perú and its Subsidiaries ("Intercorp Perú Group"), which comprises several companies operating in Perú and other countries, completed in 2012 the reorganization of its Subsidiaries in the retail and shopping center businesses. In order to have a more organized and effective structure in which the Company operates as a holding company that owns the majority of the shareholding in the subsidiaries of Intercorp Perú that operate in said businesses.

As result of the reorganization, the Company owns directly the following percentages of ownership as of March 31, 2014 and December 31 2013:

- 99.98% of Supermercados Peruanos S.A.
- 100.00% of Eckerd Group, and
- 100.00% of InRetail Real Estate Corp.

The activities, main financial information and other relevant data of each Company's subsidiary are explained in Note 3 below.

As the above-described restructuring of Intercorp Perú Group will not lead to a change in Intercorp Perú's control of the Subsidiaries now grouped under the Company, according to International Financial Reporting Standards, the transactions correspond to a reorganization of entities under common control, therefore the reorganization was accounted for using the pooling-of-interest method. Therefore, these interim consolidated financial statements have been prepared under the assumption that the reorganization took place as of the beginning of the earliest year presented herein, and the Company was operating in each of the periods presented.

(b) International Share Offering

Subsequent to the reorganization explained in paragraph (a) above, and through General Shareholders´ Meeting held on July 23, 2012, the performance of an international offering of new shares of the Company, under Rule 144 - A of the Securities Commission of the United States of America and Regulation S of the U.S. Securities Act. was approved.

In this sense, through the Directive Meeting held on October 3, 2012, agreed to: authorize the issuance of 20,000,000 common shares in the Peruvian and international markets, being the set price US$ 20 per share. The issuance represented for the Company a cash contribution of approximately U.S. $ 400,000,000 (equivalent to approximately S/.1, 034,000,00, distributed S/.517,000,000 as an increase of capital stock and S/.517,000,000 as capital premium).

Additionally, through the Directive Meeting held on October 22, 2012, agreed to: authorize the issuance of 3,000,000 new common shares in the Peruvian and international markets, being the issue price of US$ 20 per share. The issuance represented for the Company a cash contribution of approximately US $ 60,000,000 (equivalent to approximately S/.154, 920,000, distributed S/.77,460,000 as an increase of capital stock and S/.77,460,000 as capital premium).

Capital premium recorded from the two issuances detailed above is presented in the consolidated statement of changes in equity, net of expenses incurred and related to the share issuance, by S/.44,667,000, included an additional expense of S/.1,416,000, recorded during 2013.

3. Subsidiary activities

Following is the description of the activities of the main Subsidiaries of the Company:

(a) Supermercados Peruanos S.A., is dedicated to retail as of March 31, 2014 and December 31, 2013, it owns a chain of 98 stores, composed by 55 hypermarkets that operate under the “Plaza Vea” brand, 35 supermarkets that operate under the “Vivanda” and “Plaza Vea Super” brands, and 8 discount stores that operate under the “Mass” and “Economax” commercial brand. Supermercados Peruanos S.A. holds 100 percent of: (i) Peruana de Tiquetes S.A.C. and (ii) Plaza Vea Sur S.A.C.

(b) Eckerd Perú S.A. is dedicated to the commercialization of pharmaceutical products, cosmetic products, food for medical use and other elements aimed to health protection and recovery through its “InkaFarma” pharmacy chain. As of March 31, 2014 and December 31, 2013 it operates 731 and 725 stores, respectively. Eckerd Perú S.A. holds 100 percent of: (i) Eckerd Amazonía S.A.C. and (ii) Boticas del Oriente S.A.C.

(c) InRetail Real Estate Corp. is a Holding company incorporated in the Republic of Panama in April 2012 as a part of the reorganization process described in Note 2. As of March 31, 2014 and December 31, 2013, InRetail Real Estate Corp. owns 100 percent of the share capital of the following subsidiaries:

(i) Real Plaza S.R.L.

Entity dedicated to the management and administration of shopping centers (17 as of March 31, 2014 and December 31, 2013.) named “Centro Comercial Real Plaza” and located in the cities of Chiclayo, Piura, Chimbote, Trujillo, Huancayo, Arequipa, Juliaca , Huanuco, Cusco, Cajamarca and Lima.

(ii) InRetail Properties Management S.R.L. (formerly Interproperties Perú S.A.)

Entity that provides the staff which manages and operates Interproperties Holding.

(iii) Patrimonio en Fideicomiso – D.S. N°093-2002-EF-Interproperties Holdings and Patrimonio en Fideicomiso – D.S. N°093-EF-Interproperties Holding II

Equity trust funds (henceforth “Interproperties Holding”) are Special Purpose Entities (SPE) incorporated with the purpose of creating independent entities of the originators, through which investment are made in real estate projects.

4. Basis of preparation and presentation

(a) Interim Financial Statements

The consolidated financial statements of the InRetail Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

The interim financial statements of the InRetail Group have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited information.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, derivative financial instrument and available-for-sale investment that have been measured at fair value. The consolidated financial statements are presented in Nuevos Soles and all values are rounded to the nearest thousand (S/.(000)), except when otherwise indicated.

At the date of this report, all the entities consolidated into accompanying financial statements became legal subsidiaries of InRetail Peru Corp. as a consequence of the reorganization described in Note 2.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, see Note 3.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the InRetail Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The non-controlling interests have been determined in proportion to the participation of minority shareholders in the net equity and the results of the Subsidiaries in which they hold shares, and they are presented separately in the consolidated statement of financial position and the consolidated statement of comprehensive income.

Losses in a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of the subsidiary, without a loss control, is accounted for as an equity transaction.

The accounting policies followed in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements at December 31, 2013.

5. Cash and short-term deposits

(a) The table below presents the components of this account:

	As of March 31, 2014 S/.(000)	As of December 31, 2013 S/.(000)
Cash (b)	7,374	9,331
Current accounts (c)	50,001	60,999
Time deposits (d)	91,926	208,963
Other	2,128	3,278
Total	151,429	282,571

(b) The balance as of March 31, 2014 and December 31. 2013, comprises mainly cash held by subsidiaries in the premises of their store chains and in the vaults of a security company, corresponding to sales during the last days of the period.

(c) The Group maintains current accounts in local banks in Nuevos Soles and US Dollars which that do not accrue interest and they are freely available.

(d) As of March 31, 2014 and December 31. 2013, the time deposits in local currency are freely available and are kept in local banks, have maturities since inception and bear annual interest rates between 4.25 to 4.45 percent (between 3.00 to 4.40 percent as of December 31, 2013)

6. Trade receivables, net

(a) The table below presents the components of this caption:

	As of March 31, 2014 S/.(000)	As of December 31, 2013 S/.(000)
Trade accounts receivable (c)	30,317	21,766
Rent receivable (d)	6,111	6,386
Merchandise vouchers (e)	31,311	45,274
Provisión for accrued revenue (f)	5,161	11,458
Others	1,778	1,778
Total	74,678	86,662
Provision for doubtful accounts (g)	(4,804)	(4,507)
	69,874	82,155

(b) Trade receivables are denominated in Nuevos Soles, have current maturity and do not bear interest.

(c) Corresponds mainly to (i) pending deposits in favor of Supermercados Peruanos and Eckerd group for the last day of the month, respectively, held by credit card operators and originated from the sales of goods with credit cards in the different stores of Supermercados Peruanos S.A. and Eckerd Group and (ii) trade accounts receivable from corporate sales.

(d) Correspond to accounts receivable for the lease of commercial premises to concession holders inside the stores of Supermercados Peruanos S.A. and the accounts receivable for the rental income of Interproperties Holding.

(e) Correspond mainly to the balance receivable from the sale of merchandise vouchers to various companies and public institutions. At the date of this report, these balances are mostly collected.

(f) As of March 31, 2014 and December 31. 2013 relates to services unbilled at period end, mainly due to variable rentals. These amounts were billed in the month subsequent to the reporting date.

(g) Movements in the provision for doubtful accounts receivable for the three months periods ended March 31, 2014 and 2013, were as follows:

	2014	2013
	S/.(000)	S/.(000)
Balance at the beginning of the year	4,507	3,112
Provision recognized as year expense, Note 17 (a)	342	1,792
Write offs and recovery's	(45)	(1,433)
Balance at the end of the period	4,804	3,471
Balance as of December 31, 2013		4,507

As of March 31, 2014 and December 31. 2013, the balance of the trade receivable amounts to approximately S/.74,678,000 and S/.86,662,000 respectively, out of which approximately S/.4,804,000 and S/.4,507,000 were provisioned for at those dates. Likewise, the amount of non impaired past due trade receivables amounted to S/.37,575,000 and S/.55,349,000, respectively.

In the opinion of Management of the InRetail Group, the provision for doubtful accounts receivable as of March 31, 2014 and December 31. 2013, appropriately covers the credit risk of this item at those dates.

7. Inventories, net

(a) The composition of this item is presented below:

	As of March 31, 2014	As of December 31, 2013
	S/.(000)	S/.(000)
Goods	735,207	773,151
In transit inventories (b)	16,654	10,539
Miscellaneous supplies	7,948	7,299
Total	759,809	790,989
Minus		
Provision for impairment of inventories (c)	(6,315)	(12,001)
Total	753,494	778,988

(b) Correspond to goods and miscellaneous supplies imported by the Group in order to satisfy customer's demand in its stores.

(c) The movement in the provision for inventory impairment for the three-month periods ended March 31, 2014 and 2013, was as follows:

	2014 S/.(000)	2013 S/.(000)
Balance at the beginning of the year	12,001	3,652
Provision of the period, Note 17(a)	2,841	268
Write-off	-	(1,620)
Recovery	(8,527)	786
Balance at the end of the period	6,315	3,086
Balance as of December 31, 2013		12,001

The provision for inventory impairment is determined based on stock turnover, discounts granted for the liquidation of the merchandise and other characteristics based on periodic evaluations performed by the Management of the InRetail Group.

8. Available-for-sale investment

As of March 31, 2014 and December 31, 2013, available for sale investment correspond to notes of the issuance made abroad described in Note 13 (f).

Unrealized loss, net of deferred taxes, from notes maintained as March 31, 2014 and December 31, 2013, amounted to approximately S/.2,765,000 (approximately S/.2,739,000 as of December 31 2013).

9. Property, furniture and equipment, net

(a) The table below presents the movement and composition of this caption:

	As of March 31, 2014 S/.(000)	As of December 31, 2013 S/.(000)
Cost		
Initial balance	2,666,267	2,236,366
Additions (b)	61,447	446,480
Disposals and/or sales (c)	(6,777)	(16,579)
Transfer to Investment properties	(10,941)	-
Final balance	2,709,996	2,666,267
Accumulated depreciation		
Initial balance	559,702	472,828
Additions (d)	26,337	100,622
Disposals and/or sales	(3,468)	(13,748)
Final balance	582,571	559,702
Net book value	2,127,425	2,106,565

(b) Additions for the three months periods ended March 31, 2014 and December 31, 2013 correspond mainly to the construction and equipment of new premises for Supermercados Peruanos S.A. and the Eckerd Group, construction of Eckerd's distribution center and the construction of shopping centers.

(c) It mainly corresponds to assets sold and to the disposals of unusable assets as a result of the process of change of format in some premises. The resulting income or expense has been included in the "Other operating income" or "Other operating expenses" caption of the consolidated income statement, respectively.

(d) Depreciation expense for the three-month periods ended March 31, 2014 and 2013, was recorded as follows in the income statements:

	2014	2013
	S/.(000)	S/.(000)
Sales expenses, Note 17 (a)	23,057	19,610
Administrative expenses, Note 17 (a)	3,280	3,149
Balance as of March 31	26,337	22,759
Balance as of December 31, 2013		100,622

(e) As of March 31, 2014, Supermercados Peruanos S.A. has mortgaged land lots, buildings and facilities for a net book value of S/.307,203,000 (S/.285,115,000 as of December 31, 2013), as collateral over the financial obligations and the leasing contracts (see Note 13).

(f) As of March 31, 2014, the cost and corresponding accumulated depreciation of assets acquired through finance leases amount to approximately S/.433,156,000 and S/.47,222,000 respectively (S/.383,939,000 and S/.44,631,000, respectively, as of December 31, 2013).

(g) The Subsidiaries of the Company maintain insurance policies on their main assets in accordance with the policies established by Management.

10. Investment properties

(a) The table below presents the composition of this caption:

	As of March 31, 2014 S/. (000)	As of December 31, 2013 S/. (000)
Real Plaza Salaverry Project	289,139	265,834
Real Plaza Primavera shopping center (ii)	197,075	195,685
Real Plaza Chiclayo shopping center (ii)	181,868	176,635
Real Plaza Cuzco shopping center	153,393	141,202
Real Plaza Piura shopping center	131,653	129,553
Real Plaza Trujillo shopping center (ii)	121,699	121,664
Real Plaza Cajamarca shopping center	113,715	111,160
Real Plaza Huancayo shopping center (i) and (ii)	92,743	87,890
Real Plaza Huanuco shopping center	84,531	84,464
Real Plaza Arequipa shopping center (i) and (ii)	68,140	67,855
Real Plaza Juliaca shopping center (i) and (ii)	59,092	59,682
Real Plaza Pro shopping center (ii)	42,064	41,636
Real Plaza Santa Clara - Altamirano Shopping center	38,844	37,244
Real Plaza Chorrillos shopping center (ii)	34,137	35,202
Real Plaza Santa Clara shopping center (ii)	20,011	19,927
Real Plaza Nuevo Chimbote shopping center (i) and (ii)	19,135	19,051
Jr. de la Unión stores	16,750	16,616
Others	106,348	84,597
	1,770,337	1,695,897

(i) For Huancayo, Arequipa, and Juliaca shopping centers, right of use contracts (contractual agreement between the owner of the land and the Company, which allows the Company to construct the shopping centers) were subscribed with Ferrovias Central Andina S.A. the Association named “Religiosas del Sagrado Corazón de Jesús”, Ferrocarril Trasandino S.A. and Interseguro Cía. de Seguros S.A.. (a related entity), respectively, for periods ranging between 20 and 70 years.

(ii) “Real Plaza” shopping centers consist of department stores, home improvement, supermarket, other retail shops, a cinema complex and an entertainment area which executed contracts that provide a minimum monthly rent and a variable rent based on sales.

(b) The movement of this account for the three month periods ended March 31, 2014 and 2013 was as follows:

	2014 S/.(000)	2013 S/.(000)
Balance at the beginning of the year	1,695,897	1,104,261
Additions	48,003	155,108
Disposal	-	-
Fair value adjustment	15,496	1,845
Transfer from property, furniture and equipment; Note 10(a)	10,941	-
Balance at the end of the period	1,770,337	1,261,214
Balance as of December 31, 2013		1,695,897

The fair value of investment properties has been determined on a discounted cash flows method basis by the Management of the Group for completed investment properties and based on the value assigned by an independent appraiser for investment properties under construction and investment properties held to operate in the future. The valuation is prepared on an aggregated unleveraged basis. In arriving at their estimates of market values, the Management of the Group have used their market knowledge and professional judgment and not only relied on historical transactional comparables. Fair value adjustment is included in the "Other operating income" caption of the consolidated income statement.

(c) As of March 31, 2014, some of the investment properties guarantee the debt to Deutsche Bank, Note 13(f). At such date, the book value of these investment properties amounts to approximately S/.1,263,438,000 (S/.1,226,765,000 as of December 31,2013).

11. Intangible assets, net

(a) The table below presents the movements and composition of this caption:

	As of March 31, 2014 S/.(000)	As of December 31, 2013 S/.(000)
Cost		
Initial balance	1,198,091	1,171,227
Additions (c)	4,570	28,076
Disposal and/or sales	(8,042)	(1,212)
Final balance	1,194,619	1,198,091
Accumulated amortization		
Initial balance	42,317	34,507
Additions (d)	2,404	8,371
Disposals and/or sales	(8,036)	(561)
Final Balance	36,685	42,317
Net, book value	1,157,934	1,155,774

(b) As of March 31, 2014 and December 31. 2013, this caption mainly includes approximately S/.373,054,000 and S/.694,283,000 corresponding to the brand "Inkafarma" and goodwill respectively, as a result of the acquisition of the Eckerd Group.

Goodwill and "InkaFarma" brand are tested for impairment annually (as of December 31) and when circumstances indicate that the carrying value may be impaired. The Company and Subsidiaries' impairment test for goodwill and intangible assets with indefinite useful lives is based on value-in-use calculations which use a discounted cash flow model.

(c) As of March 31, 2014 and December 31. 2013, additions mainly correspond to disbursements for the acquisition of a commercial software program, a general planning system (ERP) and the corresponding licenses for use; and disbursements for implementation of the application "E3 InkaFarma", which will used in the new distribution center.

(d) Amortization expense for the three-month periods ended March 31, 2014 and 2013 has been recorded in the following items of the combined statements:

	2014 S/.(000)	2013 S/.(000)
Sales expenses, Note 17 (a)	1,658	1,170
Administrative expenses, Note 17 (a)	746	582
Balance as of March 31	2,404	1,752
Balance as of December 31, 2013		8,371

12. Trade payables

The table below presents the composition of this caption:

	As of March 31, 2014 S/.(000)	As of December 31, 2013 S/.(000)
Bills payable for purchase of goods	989,797	1,121,720
Bill payable for commercial services	144,297	165,631
Total	1,134,094	1,287,351

This item mainly includes the obligations to non-related local and foreign suppliers, denominated in local currency and US$ Dollars, originated mainly by the acquisition of goods, with current maturities and that do not bear any interest. There have been no liens granted on these obligations.

The InRetail Group offers to its suppliers access to an accounts payable services arrangement provided by third party financial institutions. This service allows the suppliers to sell their receivables to the financial institutions in an arrangement separately negotiated by the supplier and the financial institution, enabling suppliers to better manage their cash flow and reduce payment processing costs. The InRetail Group has no direct financial interest in these transactions. All of the InRetail Group's obligations, including amounts due, remain due to its suppliers as stated in the supplier agreements.

13. Interest-bearing loans and borrowings

(a) The table below presents the composition of interest-bearing loans and borrowings:

Type of obligation	Original currency	Interes rate %	Maturity final	Original amount		Total		Corriente		No corriente	
						2014	2013	2014	2013	2014	2013
				US$ (000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Subordinated bonds (b)											
Issued for the reestructuring of the financial position											
1st Issuance	USD	7.50	2014	12,000	-	33,708	33,552	33,708	33,552	-	-
2nd Issuance	USD	8.04	2014	7,005	-	21,540	21,540	21,540	21,540	-	-
3rd Issuance	PEN	8.49	2014	-	21,540	19,677	19,586	19,677	19,586	-	-
				19,005	21,540	74,925	74,678	74,925	74,678	-	-
Corporate bonds (c) (d)											
1st Issuance	PEN	6.70	2016	-	28,437	12,187	12,187	4,062	4,062	8,125	8,125
2nd Inssuance	PEN	7.75	2019	-	57,090	34,254	34,254	5,709	5,709	28,545	28,545
				-	85,527	46,441	46,441	9,771	9,771	36,670	36,670
Leasings (g)											
Related entities											
Banco Internacional del Perú-Interbank	PEN	4.85	2014	-	25,153	28,653	25,153	16,744	13,072	11,909	12,081
Banco Internacional del Perú-Interbank	PEN	Between 11.24% and 11.43%	2014	-	142,029	97,983	99,152	25,304	23,366	72,679	75,786
Banco Internacional del Perú-Interbank	USD / PEN	6.45	2016	35	95	56	61	15	20	41	41
Banco Internacional del Perú-Interbank	PEN	8.90	2026	-	108,300	65,214	57,000	3,411	-	61,803	57,000
Banco Internacional del Perú-Interbank	PEN	8.25	2016	-	7,401	3,695	4,067	1,697	1,664	1,998	2,403
Non-related entities											
Hewlett Packard S.A.	USD	2.93	2017	3,678	-	8,341	7,485	2,850	2,499	5,491	4,986
Hewlett Packard S.A.	USD	3.10	2015 - 2017	100	-	196	218	61	92	135	126
IBM Perú SAC	USD	2.93	2016	664	-	1,515	1,724	822	839	693	885
Banco de Crédito del Perú	PEN	Between 6.59% and 7.76%	2018	-	17,424	40,714	47,367	6,917	3,035	33,797	44,332
Banco de Crédito del Perú	USD / PEN	Between 7.62% and 9.02%	2019 - 2023	12,500	20,000	79,575	80,468	6,298	5,890	73,277	74,578
BBVA Banco Continental	PEN	Between 5.96% and 10.85%	2018	-	65,241	28,724	32,326	10,663	12,509	18,061	19,817
BBVA Banco Continental	USD / PEN	8.28	2017	4,658	9,244	1,750	2,035	1,106	1,123	644	912
Banco Interamericano de Finanzas	PEN	8.35	2014	-	12,748	-	512	-	512	-	-
Banco Scotiabank	PEN	7.79	2018	-	21,864	33,465	19,122	3,098	3,040	30,367	16,082
Banco Scotiabank	USD	4.70	2014	264	-	1	2	1	2	-	-
				22,005	432,062	389,882	376,692	78,987	67,663	310,895	309,029

Type Obligation	Original currency	Interest rate %	Maturity final	Original amount		Total		Corriente		No corriente	
						2014	2013	2014	2013	2014	2013
				US$ (000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Lease back											
Related entities											
Banco Internacional del Perú-Interbank	PEN	8.25	2015	-	588	211	247	155	152	56	95
				-	588	211	247	155	152	56	95
Foreing loans											
Intercorp Retail Trust (e)	USD	10.134	2018	130,000	-	353,316	351,181	-	-	353,316	351,181
Bank of America (e)	USD	10.134	2018	140,000	-	375,444	372,870	-	-	375,444	372,870
Deutsche Bank (f)	USD	9.426	2023	185,000	-	471,026	456,331	-	-	471,026	456,331
				455,000	-	1,199,786	1,180,382	-	-	1,199,786	1,180,382
Promissory notes and loans (g)											
Non-related entities											
Banco de Crédito del Perú	USD	6.60	2021	12,000	-	27,144	28,173	3,031	2,960	24,113	25,213
Banco de Crédito del Perú	PEN	5.73	2014	-	14,000	14,000	-	14,000	-	-	-
BBVA Banco Continental	PEN	4.95	2014	-	8,000	8,000	-	8,000	-	-	-
				12,000	22,000	49,144	28,173	25,031	2,960	24,113	25,213
Obligations to third parties (h)											
Hewlett Packard S.A.	USD	7.30	2014	11,549	-	10,231	11,465	4,648	5,129	5,583	6,336
IBM Perú SAC	USD	8.00	2015	6,441	-	2,810	3,526	1,410	1,828	1,400	1,698
IBM Perú SAC	USD / PEN	7.45	2016	36	96	61	68	16	23	45	45
				18,026	96	13,102	15,059	6,074	6,980	7,028	8,079
Total				**526,036**	**561,813**	**1,773,491**	**1,721,672**	**194,943**	**162,204**	**1,578,548**	**1,559,468**

(b) The General Shareholders' Meeting of Supermercados Peruanos S.A. held on March 28, 2007, approved the general terms and conditions of the issuance of the First Program of Subordinated Bonds Supermercados Peruanos S.A. up to maximum of US$30,000,000 or its equivalent in Nuevos Soles. The maximum amount of the program is revolving, which means that the total amount of issuances approved can exceed the aforementioned amount as long as the total debit balance is lower than the amount of the program.

During 2007, Supermercados Peruanos S.A. conducted the public auctions of its Subordinated Bonds for US$12,000,000, US$7,005,000 and S/.21,540,000, corresponding to the first, second and third issuances respectively. Principal amounts of this issuance will be paid at maturity (2014).

These issuances are guaranteed by the equity of Supermercados Peruanos S.A. and do not have any other specific guarantees.

(c) As of March 31, 2014 and December 31. 2013, the Company and Subsidiaries has outstanding corporate bonds for S/.46,441,000, which accrue annual interest rates that fluctuate between 6.70 and 8.00 percent, and whose maturities are between 2016 and 2019.

(d) Some of the bonds issued include standard clauses requiring the InRetail Group to meet financial ratios, use of funds criteria and other administrative matters. In Management's opinion, as of March 31, 2014 and December 31. 2013, said standard clauses do not limit the normal operation of the Group and have been fulfilled.

(e) In November 2011, Intercorp Retail Inc. issued through Intercorp Retail Trust, a financial trust incorporated in the Cayman Islands with the purpose of perform this issuance, an offering of US$300,000,000 in Senior Guarantee Notes due in November 2018 at an 8.875 percent nominal interest rate. From this issuance, US$ 270,000,000 were channelled to the Company through a promissory note in favor of Intercorp Retail Trust subscribed by the Company and to Supermercados Peruanos S.A. through a "Loan Agreement" in favor of Bank of America, subscribed by Supermercados Peruanos S.A. The consolidated amount of said loans amounted to $270,000,000 (equivalent to S/.758,430,000 and S/.754,920,000 as of March 31, 2014 and December 31,2003, respectively), which accrue interests at an 8.875 percent nominal annual rate. Said loans were recorded in the consolidated financial statements at their amortized cost and at a 10.134 percent effective interest rate after considering the respective up-front fees that amounted to S/. 9,293,000 and a guarantee deposit of S/. 35,997,000 (equivalent to US$13,312,000), which is not refundable and will be applied to the principal related to the Bank of America at the maturity date. InRetail Group allocated the funding, mainly to the cancellation of a loan previously obtained for the acquisition of Eckerd Peru S.A., promissory notes and commercial papers, as well as to the payment for the acquisition of land lots and the construction of new commercial premises for its Subsidiaries.

Said financial obligations are presented net of the aforementioned initial charges and the guarantee deposit. The consolidated net balance of these borrowings as of March 31, 2014 and December 31,2013, amounted S/.728,760,000 and S/.724,051,000; respectively.

The 100 percent of the senior notes is guaranteed by the Subsidiaries Supermercados Peruanos S.A. and Eckerd Peru S.A., as well as other related entities which are subsidiaries of Intercorp Retail Inc.

(f) In November 2011, Interproperties Holding issued through Interproperties Holding Trust, a financial trust incorporated in the Cayman Islands with the purpose of perform this issuance, and offering of US$185,000,000 in Senior Guaranteed Notes due in November 2023 at an 8.75 percent nominal interest rate. This issuance was channelled to Interproperties Holding trough a “Loan agreement” in favor of Deutsche Bank AG, London Branch. The funds from this financing were used to purchase properties, invest in new building projects, to repay debts and payments, including fees and expenses, in connection with this transaction. Interproperties Holding has given certain investment properties in guarantee for this debt, see Note 10(c).

Said financial obligation was recorded in the consolidated financial statement at amortized cost at a 9.426 percent annual effective interest rate after considering the respective up-front fees that amounted to S/.18,227,000 (equivalent to US$6,783,984). Additionally, as of March 31, 2014, the balance is presented net of S/.32,907,000 (S/.44,960,000 as of December 31, 2013) corresponding to notes of this issuance held by InRetail Real Estate Corp., a Subsidiary of the Company.

(g) Promissory notes and bank loans are used to fund working capital and do not have any specific guarantee. Leasing operations are guaranteed by the assets related to them; see Note9(f). Such obligations do not have any special conditions that must be complied (covenants), or restrictions affecting the operations of the InRetail Group.

(h) Corresponds to the debt that Subsidiaries. acquired with IBM del Perú S.A.C. to purchase computer equipment. Likewise, Hewlett Packard S.A. signed a promissory note with Supermercados Peruanos S.A. to finance the payment of the balances indebted to SAP Andina del Caribe S.A. for the development of the SAP system. Said contracts do not have any specific guarantee.

(i) During the three month-periods ended March 31, 2014 and 2013, loans and borrowings accrued interest which is recorded in the “Finance costs” caption of the consolidated income statements, see Note 18. Also, as of March 31, 2014 and December 31. 2013, there are interests payable which are recorded in the “Other payables” caption of the consolidated statements of financial position.

(j) Some of the interest-bearing loans and borrowing include standard clauses requiring the InRetail Group to meet financial ratios, use of funds criteria and other administrative matters. Management’s opinion, as of March 31, 2014 and December 31,. 2013, said standard clauses do not limit the normal operation of the Group and have been fulfilled.

14. Deferred income tax liabilities, net

(a) The amounts presented in the statement of financial position as of March 31, 2014 and December 31, 2013, as well as the consolidated income statements for the three-month periods ended March 31, 2014 and 2013 are shown below:

Statements of financial position	**Deferred liability, net**	
	As of March 31, 2014 S/. (000)	**As of December 31, 2013** S/.(000)
Deferred income tax asset	54,595	59,150
Deferred income tax liabilities	(280,084)	(272,635)
Deferred income tax liability, net	(225,489)	(213,485)

Statements of comprehensive income	**Income tax for the three-month periods ended March 31, 2014 and 2013**	
	2014 S/. (000)	**2013** S/.(000)
Current	(10,164)	(8,934)
Deferred	(11,945)	(4,046)
	(22,109)	(12,980)

(b) As of March 31, 2014 and December 31. 2013 the provision for current income tax payable, net of advanced payments amounts to approximately S/.5,490,000 and S/.416,000, respectively.

15. Equity

(a) Capital stock –
As of March 31, 2014 and December 31, 2013, the capital stock of InRetail Perú Corp. is represented by 102,807,319 shares with no par value, issued at US$10.00 each, which were totally paid and issued.(equivalent to S/.2,138,566,000).

(b) Capital premium
It corresponds to the difference between the nominal value of shares issued and their offering value. The international offering of new shares, mentioned in paragraph (a)above, was made at a price of US$20 per share, being the issuance value of shares US$ 10 per share, and recording a capital Premium which is presented net of expenses related to the issuance (professional services of legal advisors, investment bankers, transaction commissions, among others) for approximately S/. 549,793,000

16. Tax Situation

(a) InRetail Peru Corp. and InRetail Real Estate Corp. are incorporated in Panama, thus they are not subject to any Income Tax.

Entities and individuals not domiciled in Peru must pay an additional tax of 4.1 percent over dividends received from entities domiciled in Peru. The entity that distributes the dividends is responsible of performing the retention of the indicated tax.

(c) The Company's Subsidiaries domiciled in Peru are subject to the Peruvian Tax System and, in compliance with current Peruvian legislation they calculate their Income tax on the basis of their individual financial statements. As of March 31, 2014 and December 31. 2013, the statutory Income Tax rate was 30 percent on taxable income, after calculating the employees profit sharing, which according to prevailing standards is computed with a rate between 5 to 8 percent.

(d) Law No. 29663, later amended by law 29757, which are considered established Peruvian source income to those obtained by the indirect sales of shares representing the capital stock of companies domicilied in the country.

To this end, an indirect transference is configured when the following two assumptions occurs together:

(I) In first place, 10 percent or more of shares of the non domiciliated company must be sold in a period of twelve months.

(ii) In second place, the share´s market value of the Peruvian company must represent 50 percent or more of the market value of the non domiciliated company, in a period of twelve months.

(d) For purposes of determining the Income Tax and Value Added Tax, transfer pricing of transactions with related companies and companies domiciled in territories with low or no taxation must be supported with documentation and information on assessment methods applied and criteria considered. Based on the analysis of the operations of the Group, Management and its legal advisors consider that as consequence of the application of the regulation in force, there will not emerge any significant contingencies for the Group as of March 31, 2014 and December 31. 2013.

(e) The tax authority is legally entitled to review and, if necessary, adjust the Income Tax computed during a term of four years following the year in which the tax declaration has been submitted. Following are the years subject to review by the tax authority of the Subsidiaries of InRetail Peru Corp. incorporated in Peru:

	Income Tax	**Value added tax**
Supermercados Peruanos S.A.	From 2009 to 2013	From 2009 to 2013
Eckerd Perú S.A.	2012 and 2013	2012 and 2013
Eckerd Amazonia S.A.C.	2010, 2012 and 2013	2010, 2012 and 2013
Boticas del Oriente S.A.C.	2009, 2010, 2012 and 2013	2009, 2010, 2012 and 2013
Real Plaza S.R.L.	From 2009 to 2013	From 2009 to 2013
InRetail Properties Management S.R.L.	From 2010 to 2013	From 2010 to 2013

According to Peruvian law, Interproperties Holding is not considered an income taxpayer due to its status as a trust. Interproperties Holding attributes its generated results, the net losses and Income Tax credits on foreign source income, to the holders of its certificates of participation or whoever holds those rights.

Due to possible interpretations that the tax authority may give to legislation, it is not possible to determine, to date, whether the reviews will result in liabilities for the Group. Therefore, any major tax or surcharge that may result from eventual revisions by the tax authority would be charged to the consolidated statements of comprehensive income of the period in which such tax or surcharge is determined.

In opinion of Management of the InRetail Group as well as its legal advisors opinion, any eventual additional tax settlement would not be significant to the consolidated financial statements as of March 31, 2014 and December 31. 2013.

17. Operating expenses

(a) The table below presents the components of this caption for the three-month periods ended March 31, 2014 and 2013:

	2014	**2013**
	S/.(000)	S/.(000)
Cost of sales	1,006,929	886,127
Selling expenses	272,703	244,209
Administrative expenses	38,561	34,441
	1,318,193	1,164,777

The table below presents the components of operating expenses included in cost of sales, sales and administrative expenses captions.

	2014			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Initial balance of goods, Note 7(a)	773,151	-	-	773,151
Purchase of goods	942,951	-	-	942,951
Final balance of goods, Note 7(a)	(735,207)	-	-	(735,207)
Impairment of inventories note 7 (c)	2,841	-	-	2,841
Cost of services	23,193	-	-	23,193
Packing and packaging	-	5,979	55	6,034
Personnel expenses	-	110,722	23,507	134,229
Depreciation, Note 9d)	-	23,057	3,280	26,337
Amortization, Note 11(d)	-	1,658	746	2,404
Key money amortizacion	-	372	-	372
Services provided by third parties (b)	-	39,210	6,319	45,529
Advertising	-	19,137	-	19,137
Rental of premises	-	30,895	1,562	32,457
Taxes	-	5,364	634	5,998
Provision for doubtful trade receivables, Note 6(g)	-	297	-	297
Provision for doubtful other account receivables,	-	-	-	-
Insurance	-	2,199	136	2,335
Other charges (c)	-	33,813	2,322	36,135
	1,006,929	272,703	38,561	1,318,193

	2013			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Initial balance of goods,	591,800	-	-	591,800
Purchase of merchandise	872,531	-	-	872,531
Final balance of goods	(593,867)	-	-	(593,867)
Impairment of inventories,	268	-	-	268
Cost of services	15,395	-	-	15,395
Packing and packaging		8,421	80	8,501
Personnel expenses		97,694	20,928	118,622
Depreciation, Note 9(d)		19,610	3,149	22,759
Amortization, Note 11(d)		1,170	582	1,752
Key money amortizacion	-	302	-	302
Services provided by third parties (b)		38,335	6,918	45,253
Advertising		17,770	30	17,800
Rental of premises		21,497	1,210	22,707
Taxes		5,029	238	5,267
Provision for doubtful trade receivables, Note 6(g)		1,792	-	1,792
Insurance		1,668	394	2,062
Other charges (c)		30,921	912	31,833
	886,127	244,209	34,441	1,164,777

(b) Correspond mainly to expenses on electricity, water, telephone, premises maintenance services and transport services.

(c) Mainly include general expenses in stores and shopping centers.

18. Finance costs

For the three-month periods ended as of March 31, 2014 and 2013, this caption mainly includes interests generated by bonds issued and loans and borrowings for a total amount of approximately S/.39,760,000 and S/.34,654,000, respectively. Also, as of March 31, 2014 and December 31. 2013, there are interests payable for these obligations for approximately S/.47,582,000 and S/.19,023,000, respectively, which are recorded in the "Other payable" caption of the consolidated statements of financial position.

19. Transactions with related parties

(a) The following table provides the total amount of transactions that have been entered into with related parties for the three-month periods ended as of March 31, 2014 and 2013:

	2014	**2013**
	S/.(000)	S/.(000)
Income		
Sales	1,470	2,991
Rental income	10,939	5,117
Rendering of services	10,403	2,535
Other	5,410	1,537
	28,222	12,180
Expenses		
Renting of premises and land	2,652	2,084
Reimbursements of expenses	281	464
Commissions	62	681
Other services	5,245	1,174
Interest	1,821	1,172
Others	12	-
	10,073	5,575

(b) As a result of the transactions with related companies, the InRetail Group recorded the following balances as of March 31, 2014 and December 31. 2013:

	As of March 31, 2014 S/.(000)	As of December 31, 2013 S/.(000)
Receivables		
Banco Internacional del Perú S.A.A. – Interbank	6,214	6,941
Interseguro Compañía de Seguros S.A.	627	590
Cineplex S.A.	2,213	1,108
Tiendas Peruanas S.A.	13,996	2,661
Urbi	194	177
Intercorp Perú Ltd. (d)	24,808	24,394
Home Centers Peruanos S.A. (e)	13,534	28,612
Financiera Uno S.A.	8,104	7,988
Others	19,581	13,577
	89,271	86,048

	As of March 31, 2014 S/.(000)	As of December 31, 2013 S/.(000)
Payables		
Banco Internacional del Perú S.A.A. – Interbank:		
Credit line and others (f)	342	1,236
Guarantee deposit (g)	3,787	3,642
Horizonte Global Opportunities Perú S.A. (h)	334	554
Cineplex S.A.	32	59
Interseguro Compañía de Seguros S.A.	1,078	293
Intercorp Retail Inc. (i)	24,620	25,544
Tiendas Peruanas S.A.	131	131
Financiera Uno S.A.	14,985	-
Others	1,621	2,955
	46,930	34,414
Remunerations payable to key management (j)	-	121
	46,930	34,535
Current portion	43,143	30,893
Non-current portion	3,787	3,642
Total	46,930	34,535

The policy of the InRetail Group is to make transactions with related companies at terms equivalent to those that prevail in arm's length transactions.

(c) Outstanding balances at the year-end are unsecured and interest free, except for the financial obligations explained in this one. There have been no guarantees provided or received for any related party receivables or payables. As of March 31, 2014 and December 31. 2013, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

(d) As of March 31, 2014, the balance receivable from Intercorp Peru Ltd. corresponds to a loan in Nuevos soles that includes accrued interest at market rates of 7 percent annual and presents maturity in in may 2014.

(e) As of March 31,2014, the balance receivable from Home Center Include S/.8.372,000 for the reimbursement of cost of construction of two stores in the cities of Lima and Cuzco.

(f) Includes amounts payable corresponding to professional services, commissions and financial cost. Financial costs have been generated from loans received during the period, which accrued market interest rates.

(g) Supermercados Peruanos S.A. and Banco Internacional del Perú – Interbank, signed contracts on future leases of financial stores for 15 and 7 years in October 2004 and September 2009, respectively. These contracts amount to approximately S/.27,212,000, (equivalent to approximately US$8,000,000) and S/.14,788,000 (equivalent to approximately US$5,016,000) which were collected in advance by Supermercados Peruanos S.A. and are presented in the "Deferred revenue" caption in the consolidated statements of financial position.

Additionally, and only in the case of the 2004 contract, Supermercados Peruanos S.A. received from Banco Internacional del Perú – Interbank US$2,000,000 as collateral for the contract. As of March 31, 2014 and December 31. 2013, Supermercados Peruanos S.A. has credited the update of the present value of this deposit in the "Financial income" caption. As of March 31, 2014 and December 31. 2013, the net present value of the balances related to guarantee deposits amounts to S/.3,787,000 and S/.3,642,000, respectively, and is accounted for in the "Other payables" caption.

In relation to such contracts, during the three-month periods ended March 31, 2014 Supermercados Peruanos S.A. recognized accrued renting revenue that amounted to approximately S/.822,000, equivalent to US$273,000 (S/.897,000, equivalent to approximately US$299,000 during the three month periods ended March 31, 2013), which are recorded net of the renting expenses in the "Rental income" caption in the consolidated statements of income.

As of March 31, 2014 Supermercados Peruanos S.A. maintains deferred revenue that amounts to approximately S/.8,682,000 (S/.9,407,000 as of December 31, 2013) which will be recognized as income in upcoming periods.

(h) Correspond to balances payable on land an premises renting.

(i) As of March 31, 2014 and December 31. 2013 corresponded to the account payable for some expenses assumed by Intercorp Retail Inc. This balance did not generate interest and current maturities.

(j) The compensation of key management personnel of the Group for the three-month periods ended March 31, 2014 and 2013, is detailed below:

	2014 S/.(000)	2013 S/.(000)
Short term employee benefits	4,182	4,503
Post-employment pension and medical benefits	417	364
Termination benefits	-	-
	4,599	4,867

(k) As of March 31, 2014 and December 31, 2013, the Group maintains the following balances in the cash and cash equivalent captions:

	2014 S/.(000)	2013 S/.(000)
Banco Internacional del Peru – Interbank S.A.A.	80,338	180,476
Inteligo Bank Ltd.	-	348

Interest-bearing loans and borrowings (Note,13)

(l) Banco Internacional del Perú – Interbank signed leasing contracts with Supermercados Peruanos S.A., Eckerd S.A., Interproperties Holding and Real Plaza for approximately S/.142,029,000, S/.25,153,000, S/.115,701,000, and S/.95,000 respectively, for the construction of new stores, Real Plaza shopping center building located in Santa Clara and working capital. These leasing contracts accrue annual interest rates that fluctuate between 4.85 and 11.43 percent, and whose maturities are between 2014 and 2026. These transaction are included in Interest-bearing loans and borrowings, see Note 13. During the three-month periods ended March 31, 2014 and 2013, leasing contracts generated interests which are recorded in the “Financial costs” caption of the consolidated income statements.

20. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the three-month periods attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the same period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The following reflects basic and diluted earnings per share computations:

	Ordinary shares		
	Outstanding shares	**Effective days until period-end**	**Weighted average of shares**
Number as of January 1, 2013	102,807,319		102,807,319
Number as of March 31, 2013	102,807,319		102,807,319
Number as of January 1, 2014	102,807,319		102,807,319
Number as of March 31, 2014	102,807,319		102,807,319

	For the three-month-periods ended March 31, 2014		
	Net income (numerator) S/.	**Shares (denominator)**	**Earnings per share** S/.
Basic and diluted earnings per share	33,864,000	102,807,319	0.33

	For the three-month-periods ended March 31, 2013		
	Net income (numerator) S/.	**Shares (denominator)**	**Earnings per share** S/.
Basic and diluted earnings per share	14,627,000	102,807,319	0.14

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

21. Commitments and contingencies

Commitments –
The main commitments assumed are presented below:

(a) As of March 31, 2014 and December 31. 2013, the Company and its Subsidiaries have signed renting contracts with third parties for the premises in which some of its stores operate. The assumed commitments correspond to fixed and/or variable monthly rents base on sales, whichever is highest.

The total commitments are assumed to be calculated on the basis of the fixed renting and paid up until 2043.

(b) As of March 31, 2014, the Company as its Subsidiaries agreed with several financial entities on the issuance joint by and severally irrevocable letters of guarantee for approximately S/.17,639,000 (S/.17,826,000 as of December 31, 2013), respectively, for compliance with the payment for purchase of goods to foreign suppliers.

(c) During 2014 and 2013, Interproperties Holding holds a letter of guarantee, which guarantees the right and timely compliance of certain obligations related to shopping center projects.

(d) As of March 31, 2014, Intercorp Retail Inc. (see Note 1(a)), maintains a loan granted by Intercorp Retail Trust, a non-related entity, for US$30,000,000, which is unconditionally and irrevocable guaranteed by the Eckerd Group.

Contingencies –

(a) Eckerd Amazonía S.A.C. is in the process of claim against the Tax Authority for determinations of debts and fines related to VAT for the period between January 2003 and June 2005. In opinion of Management and its legal advisors these contingencies are stated as possible and significant liabilities will not arise as result of this contingency as of March 31, 2014 and December 31. 2013.

(b) Supermercados Peruanos S.A. is a party to tax proceedings related to Income Tax and monthly Value Added Tax presented in taxable years 2004, 2005, 2006, 2007 and 2008. As of the date of this report, Supermercados Peruanos S.A. has challenged the Tax Administration for these resolutions and, in Management's opinion and its legal advisors, significant liabilities will not arise as result of this situation as of March 31, 2014 and December 31. 2013.

22. Business segments

For management purposes, the InRetail Group is organized into business units based on their products and services and has three reportable segments as follows:

- The supermarkets segment operates supermarkets and hypermarkets nationwide.
- The pharmacies segment is a nationwide supplier of drugs, medicines and cosmetic related products through the chain of pharmacies named "InkaFarma".
- Shopping center segment leases commercial stores in shopping centers owned by the InRetail Group.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the interim consolidated financial statements

As of March 31, 2014and 2013 and for the three-month periods ended March 31, 2014 and 2013, InRetail Peru Corp. is organized into three main business lines, see Note 3. Transactions between the business segments are carried out under normal commercial terms and conditions. The following table presents the financial information of InRetail Perú Corp. and subsidiaries by business segments for the three-month periods ended March 31, 2014 and 2013

	Supermarkets S/.(000)	Pharmacies S/.(000)	Shopping center S/.(000)	Total segments S/.(000)	Holding accounts, consolidation adjustments and intercompany eliminations S/.(000)	Consolidated S/.(000)
For the three-month periods ended March 31, 2014						
Revenue						
External income	866,614	483,288	56,496	1,406,398	-	1,406,398
Inter-segment	2,428	4	10,272	12,704	(12,704)	-
Total revenue	869,042	483,292	66,768	1,419,102	(12,704)	1,406,398
Cost of sales	(650,358)	(333,378)	(23,193)	(1,006,929)	-	(1,006,929)
Gross profit	218,684	149,914	43,575	412,173	(12,704)	399,469
Other operating income	22,071	533	4,194	26,798	(10,729)	16,069
Selling expenses	(176,231)	(105,768)	(1,514)	(283,513)	10,810	(272,703)
Administrative expenses	(20,393)	(11,804)	(6,212)	(38,409)	(152)	(38,561)
Other operating expenses	(11,191)	-	-	(11,191)	10,941	(250)
Operating profit	32,940	32,875	40,043	105,858	(1,834)	104,024
Net, Exchange difference	(1,772)	(54)	(2,497)	(4,323)	(1,704)	(6,027)
Finance income	1,830	61	1,839	3,730	50	3,780
Finance costs	(19,374)	(935)	(17,425)	(37,734)	(8,068)	(45,802)
Profit before income tax	13,624	31,947	21,960	67,531	(11,556)	55,975
Income tax expense	(4,196)	(10,676)	(6,428)	(21,300)	(809)	(22,109)
Profit for the year	9,428	21,271	15,532	46,231	(12,365)	33,866
Attributable to:						
Owners of the parent	9,428	21,271	15,532	46,231	(12,367)	33,864
Non-controlling interests	-	-	-	-	2	2
	9,428	21,271	15,532	46,231	(12,365)	33,866

	Supermarkets S/.(000)	Pharmacies S/.(000)	Shopping center S/.(000)	Total segments S/.(000)	Holding accounts, consolidation adjustments and intercompany eliminations S/.(000)	Consolidated S/.(000)
For the three-month periods ended March 31, 2013						
Revenue						
External income	779,136	414,516	39,258	1,232,910	-	1,232,910
Inter-segment	1,883	43	8,245	10,171	(10,171)	-
Total revenue	781,019	414,559	47,503	1,243,081	(10,171)	1,232,910
Cost of sales	(581,371)	(289,361)	(15,395)	(886,127)	-	(886,127)
Gross profit	199,648	125,198	32,108	356,954	(10,171)	346,783
Other operating income	10,468	143	2,665	13,276	741	14,017
Selling expenses	(164,150)	(83,892)	(1,511)	(249,553)	5,344	(244,209)
Administrative expenses	(19,870)	(11,305)	(5,617)	(36,792)	2,351	(34,441)
Other operating expenses	(659)	-	-	(659)	-	(659)
Operating profit	25,437	30,144	27,645	83,226	(1,735)	81,491
Net, exchange difference	(6,285)	(186)	(9,915)	(16,386)	(5,007)	(21,393)
Finance income	2,130	329	5,349	7,808	483	8,291
Finance costs	(15,947)	(545)	(16,794)	(33,286)	(7,495)	(40,781)
Profit before income tax	5,335	29,742	6,285	41,362	(13,754)	27,608
Income tax expense	(1,461)	(9,126)	(3,961)	(14,548)	1,568	(12,980)
Profit for the year	3,874	20,616	2,324	26,814	(12,186)	14,628
Attributable to:						
Owners of the parent	3,873	20,616	2,324	26,813	(12,186)	14,627
Non-controlling interests	1	-	-	1	-	1
	3,874	20,616	2,324	26,814	(12,186)	14,628

Income and expenses of the Company are not allocated to individual segments as the underlying instruments are managed on a group basis and are reflected in the adjustments and eliminations column. Additionally, Inter-segment revenues are eliminated upon combination and reflected also in the “Adjustments and eliminations” column.

Geographic information-
As of March 31, 2014 and December 31. 2013, the operations of all the Subsidiaries of the Company are concentrated in Peru, therefore, there are no revenues from external customers, or assets located in a foreign country as of those dates.

23. Fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

When a financial instrument is traded in an active and liquid market, its quoted market price in an actual transaction provides the best evidence of its fair value. When a quoted market price is not available, or may not be indicative of the fair value of the financial instrument, other estimation techniques may be used to determine such fair value, including the current market value of another financial instrument that is substantially similar, discounted cash flow analysis or other techniques applicable, all of which are significantly affected by the assumptions used. Although Management uses its best judgment in estimating the fair value of these financial instruments, there are inherent weaknesses in any estimation technique. As a result, the fair value may not be indicative of the net realizable of settlement value.

The following methods and assumptions were used to estimate the fair values:

(a) Financial instruments whose fair value is similar to book value –

Assets and liabilities that are liquid or have short maturities (less than three months), such as cash and short-term deposits, trade and other receivables, trade and other payables and other current liabilities, approximate to their carrying amounts largely due to the short-term maturities of these instruments. Also, the derivate instrument by the Group is recorded at fair value.

(b) Fixed-rate financial instruments –

The fair value of financial assets and liabilities at fixed interest rates and amortized cost is determined by comparing market interest rates at their initial recognition to current market rates related to similar financial instrument. The estimated fair value of interest-bearing deposits is determined through discounted cash flows by using market interest rates in the prevailing currency with similar maturities and credit risks.

(c) Available-for-sale investment –

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available. Fair value of unquoted available-for-sale financial assets is estimated using a discounted cash flow technique.

Fair value hierarchy –

The InRetail Group uses the following hierarchy for determining and disclosing the fair value of its financial instrument recorded in the statement of financial position:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The InRetail Group does not maintain any financial instrument with fair value determination under level 3 and there were no transfers between levels during the years ended December 31, 2013 and 2012. The InRetail Group maintains the following financial instruments at fair value:

- Available-for-sale investments which fair value was determined under level 1 hierarchy.
- Derivative instrument which fair value was determined under level 2 hierarchy.

24. Transactions in foreign currency

Transactions in foreign currency are carried out using exchange rates prevailing in the market as published by the Superintendency of Banks. Insurance and Pension Funds Administration. As of March 31, 2014, the weighted average exchange rates in the market for transactions in US Dollars were S/.2.807 per US$ 1.00 bid and S/. 2.809 per US$ 1.00 ask (S/.2.794 and S/.2.796 per US$1.00 for bid and ask as of December 31, 2013).

As of March 31, 2014 and December 31. 2013, The InRetail Group held the following foreign currency assets and liabilities:

	As of March 31, 2014 US$(000)	As of December 31, 2013 US$(000)
Assets		
Cash and short-term deposits	1,549	2,041
Available-for-sale investment	6,149	6,141
Investment at fair value through profit or loss	-	-
Trade receivables, net	628	614
Other receivables, net	3,125	3,239
Accounts receivable from related parties	4,320	6,255
	15,771	18,290
Liabilty		
Trade payables	(11,736)	(17,603)
Other payables	(15,939)	(11,648)
Accounts payable to related parties	(1,452)	(4,851)
Interest - bearing loans and borrowings	(489,259)	(501,800)
	(518,386)	(535,902)
Currency swap transactions-Short position	7,005	7,005
Net liability position	(495,610)	(510,607)

As of March 31, 2014 and December 31. 2013, the InRetail Group has decided to accept its exchange rate risk and so it has not performed, at these dates, any hedging of exchange rate risk with the exception of a hedging operation help by Supermercados Peruanos S.A. which relates to a currency swap written over its subordinated bonds ("Bonos Subordinados-Segunda Emision"), which has qualified as an effective hedging instrument. The net position in derivatives related to the currency swap agreements corresponds to exchange operations (Nuevos soles exchanged for US$ dollars) with notional amounts of approximately US$7,005,000.

25. Additional explanation for English translation

The accompanying consolidated financial statements are presented on the basis of the IFRS. Certain accounting practices applied by the Company and its Subsidiaries may differ in certain respects from accounting principles generally accepted in other countries. In the event of any discrepancy, the Spanish-language version prevails.