

**Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail  
Consumer and Supermercados Peruanos S.A. and Subsidiaries  
and Eckerd Perú S.A. and Subsidiaries**

Interim combined financial statements as of June 30, 2015 (unaudited)  
and December 31, 2014 (audited) and for the six-month periods ended  
June 30, 2015 and 2014

**Patrimonio en Fideicomiso N°093-2002-EF-InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries**

Interim combined statements of financial position  
As of June 30, 2015 and December 31, 2014

	<u>Note</u>	<u>2015</u>	<u>2014</u>		<u>Note</u>	<u>2015</u>	<u>2014</u>
		S/.(000)	S/.(000)			S/.(000)	S/.(000)
<b>Assets</b>				<b>Liabilities and equity</b>			
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and short-term deposits	4	136,298	168,209	Trade payables	12	1,233,312	1,239,906
Trade receivables, net	5	49,206	58,410	Other payables		158,693	156,196
Other receivables, net		88,857	76,530	Accounts payable to related parties	20(b)	31,089	29,372
Accounts receivables from related parties	20 (b)	19,658	40,774	Interest-bearing loans and borrowings	13	68,690	65,671
Inventories, net	6	768,278	803,821	Current income tax		4,948	2,545
Available-for-sale investment	7	7,997	-	Deferred revenue		3,765	3,950
Prepayments	8	35,996	15,389	<b>Total current liabilities</b>		<u>1,500,497</u>	<u>1,497,640</u>
<b>Total current assets</b>		<u>1,106,290</u>	<u>1,163,133</u>	Accounts payable to related parties	20(b)	4,669	4,242
				Interest-bearing loans and borrowings	13	1,270,320	1,281,636
<b>Non-current assets</b>				Derivative financial instrument	14	2,166	-
Other receivables, net		14,829	8,758	Deferred revenue		16,266	16,744
Prepayments	8	22,379	22,541	Deferred income tax liabilities, net	15	<u>122,053</u>	<u>119,257</u>
Property, furniture and equipment, net	9	1,921,350	1,873,599	<b>Total non-current liabilities</b>		<u>1,415,474</u>	<u>1,421,879</u>
Investment properties	10	17,479	17,729	<b>Total liabilities</b>		<u>2,915,971</u>	<u>2,919,519</u>
Intangible assets, net	11	1,179,984	1,175,874	<b>Equity</b>			
Deferred income tax assets		-	-	Capital stock	16	369,607	369,607
<b>Total non-current assets</b>		<u>3,156,021</u>	<u>3,098,501</u>	Capital premium		181,603	181,603
				Additional paid in capital		704,392	704,392
Investments at fair value through profit or loss				Unrealized results on financial instruments		(2,999)	-
				Other equity reserves		16,229	16,229
				Retained earnings		<u>77,508</u>	<u>70,284</u>
				<b>Total equity</b>		<u>1,346,340</u>	<u>1,342,115</u>
<b>Total assets</b>		<u>4,262,311</u>	<u>4,261,634</u>	<b>Total liabilities and equity</b>		<u>4,262,311</u>	<u>4,261,634</u>

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

**Patrimonio en Fideicomiso D.S. N°093-2002-EF- InRetail Consumer and Supermercados  
Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries**

Interim combined income statements  
For the six-month periods ended June 30, 2015 and 2014

	Note	2015 S/.(000)	2014 S/.(000)
Net sales of goods		3,031,735	2,708,218
Rental income		19,597	15,757
Rendering of services		17,692	15,368
<b>Revenue</b>		<u>3,069,024</u>	<u>2,739,343</u>
Cost of sales	18	(2,214,231)	(1,983,886)
<b>Gross profit</b>		854,793	755,457
Other operating income		4,517	23,385
Selling expenses	18	(642,859)	(573,411)
Administrative expenses	18	(76,915)	(68,716)
Other operating expenses		(2,500)	(12,403)
<b>Operating profit</b>		<u>137,036</u>	<u>124,312</u>
Finance income	19	2,491	2,687
Finance costs	19	(57,693)	(55,764)
Net exchange difference		(45,458)	333
<b>Profit before income tax</b>		<u>36,376</u>	<u>71,568</u>
Income tax expense	15	(29,152)	(28,654)
<b>Net Profit</b>		<u>7,224</u>	<u>42,914</u>

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

**Patrimonio en Fideicomiso D.S. N°093-2002-EF- InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries**

Interim combined statements of comprehensive income  
For the six-month periods ended June 30, 2015 and 2014

	Note	2015 S/.(000)	2014 S/.(000)
<b>Net profit</b>		7,224	42,914
<b>Other comprehensive income</b>			
Unrealized gain (loss) on available-for-sale investments		261	576
Income tax effect		(73)	-
		<u>188</u>	<u>576</u>
(Loss) profit on hedging derivative financial instrument		(3,546)	554
Income tax effect		359	(172)
		<u>(3,187)</u>	<u>382</u>
<b>Other comprehensive income for the period, net of income tax effects</b>		(2,999)	958
<b>Total comprehensive income for the period</b>		<u>4,225</u>	<u>43,872</u>

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

**Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries**

Interim combined statements of changes in equity  
For the six-month periods ended June 30, 2015 and 2014

	<u>Capital stock</u>	<u>Additional paid in capital</u>	<u>Capital premium</u>	<u>Unrealized results on financial instruments</u>	<u>Unrealized results on available for sale investments</u>	<u>Legal reserve</u>	<u>Retaining earnings</u>	<u>Total</u>
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
<b>Balance as of January 1, 2014</b>	369,789	687,749	142,470	276	719	15,279	188,268	1,395,550
Profit for the period	-	-	-	-	-	-	42,914	42,914
Other Comprehensive income	-	-	-	555	403	-	-	958
<b>Total comprehensive income</b>	-	-	-	555	-	-	42,914	43,872
Capital contribution	8,818	-	39,132	-	-	-	-	47,950
Dividends	-	-	-	-	-	-	(70,000)	(70,000)
Movements in additional paid in capital	-	15,142	-	-	-	-	-	15,142
Others	-	-	-	-	-	950	(950)	-
<b>Balance as of June 30, 2014</b>	<b>369,607</b>	<b>687,749</b>	<b>181,602</b>	<b>831</b>	<b>719</b>	<b>16,229</b>	<b>160,232</b>	<b>1,432,514</b>
<b>Balance as of January 1, 2015</b>	369,607	704,392	181,603	-	-	16,229	70,284	1,342,115
Profit for the period	-	-	-	-	-	-	7,224	7,224
Other comprehensive income	-	-	-	(3,187)	188	-	-	(2,999)
	-	-	-	(3,187)	188	-	7,224	4,225
Capital contribution	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Movements in additional paid in capital	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Restructuring adjustment	-	-	-	-	-	-	-	-
<b>Balance as of June 30, 2015</b>	<b>369,607</b>	<b>704,392</b>	<b>181,603</b>	<b>(3,187)</b>	<b>188</b>	<b>16,229</b>	<b>77,508</b>	<b>1,346,340</b>

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

**Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries**

Interim combined statements of cash flows  
For the six-month periods ended June 30, 2015 and 2014

	<b>2015</b>	<b>2014</b>
	S/.(000)	S/.(000)
<b>Operating activities</b>		
Revenue	3,086,659	2,762,898
Payments to suppliers of goods and services	(2,449,769)	(2,296,225)
Payments to employees for salaries and social benefits	(293,347)	(263,246)
Taxes paid	(53,056)	(34,543)
Other payments, net	(87,528)	(85,586)
<b>Net cash flows from operating activities</b>	<u>202,959</u>	<u>83,298</u>
<b>Investing activities</b>		
Sales of properties, furniture and equipment	63	-
Purchase of available for sale investment	(7,537)	-
Collection of loan to related parties	19,652	-
Purchase of property, furniture and equipment, net of acquisitions through leasing contracts	(86,366)	(98,969)
Purchase and development of intangible assets	(9,343)	(7,326)
<b>Net cash flows used in investing activities</b>	<u>(83,531)</u>	<u>(106,295)</u>
<b>Financing activities</b>		
Capital contribution	-	47,950
Proceeds from bonds issuance	120,997	38,924
Payment of interest-bearing loans and borrowings	(217,651)	(50,578)
Interest payment	(48,329)	(43,478)
Swap's guaranty deposit	(6,356)	-
Additional paid in capital	-	15,143
Dividends payment	-	(70,000)
<b>Net cash flows used in financing activities</b>	<u>(151,339)</u>	<u>(62,039)</u>
Net decrease of cash and short-term deposits	(31,911)	(85,036)
<b>Cash and short-term deposits at the beginning of the period</b>	<u>168,209</u>	<u>197,913</u>
<b>Cash and short-term deposits at the end of the period</b>	<u>136,298</u>	<u>112,877</u>
<b>Non-cash transactions</b>		
Fixed assets purchased through leasing and others financial obligation	27,980	18,431

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

## Notes to the combined financial statements

### Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries

#### Notes to the interim condensed combined financial statements

As of June 30, 2015(unaudited), December 31, 2014(audited) and June 30, 2015 and 2014 (unaudited)

#### 1. Identification and business activities and reorganization and issuance process

##### (a) Identification.-

Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer (a Special Purpose Entity-SPE, hereinafter "InRetail Consumer"), was incorporated in August 2014 by InRetail Perú Corp. only for the purpose of issuing debt in the local market and abroad (see Note 1(c)). As of June 30, 2015 and December 31, 2014, the representative shares of capital stock of Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries are maintained in trust in this entity.

Supermercados Peruanos S.A. and Eckerd Perú S.A. were incorporated in June 1979 and August 1996, respectively, in Lima, Peru. As of June 30, 2015 and December 31, 2014, those companies are subsidiaries of InRetail Perú Corp., which is part of the Intercorp Perú Corp., InRetail Perú Corp. owns directly and indirectly the following percentages of ownership in these companies:

- 99.98% of Supermercados Peruanos S.A.
- 100% of Eckerd Perú S.A.

##### (b) Business activities –

The following is a description of the Companies activities:

- Supermercados Peruanos S.A. is dedicated to retail. As of June 30, 2015, it owns a chain of 102 stores, composed of 62 hypermarkets that operate under the "Plaza Veá" brand, 37 supermarkets that operate under the "Vivanda", "Plaza Veá Super" and "Plaza Veá Express" brands, and 3 stores that operate under other legacy brands (61 hypermarkets, 37 supermarkets and 3 stores that operate under other legacy brands as of December 31, 2014). Supermercados Peruanos S.A. holds 100 percent of: (i) Peruana de Tiquetes S.A.C. (a non-operating entity), and (ii) Plaza Veá Sur S.A.C. (is dedicated to retail).
- Eckerd Perú S.A. is dedicated to the commercialization of pharmaceutical products, cosmetic products, food for medical use and other elements related to health protection and recovery through its "InkaFarma" pharmacy chain. As of June 30, 2015 and December 31, 2014 it operates 848 and 837 stores respectively. Eckerd Perú S.A. holds 100 percent of: (i) Eckerd Amazonía S.A.C. and (ii) Boticas del Oriente S.A.C. These subsidiaries are dedicated to the commercialization of pharmaceutical and cosmetic products, food for medical use and other elements related to health protection and recovery through the "InkaFarma" brand in certain provinces of Perú.

## Notes to the combined financial statements

The following is a summary of the main data of the financial statements of Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries as of June 30, 2015 and December 31, 2014, and for the six-month periods ended June 30, 2015 and 2014:

	Supermercados Peruanos S.A. and Subsidiaries		Eckerd Perú S.A and Subsidiaries	
	As of June 30, 2015	As of December 31, 2014	As of June 30, 2015	As of December 31, 2014
	S/.(000)	S/.(000)	S/.(000)	S/.(000)
<b>Consolidated statements of financial position</b>				
Total assets	2,513,607	2,556,539	701,299	692,128
Total liabilities	1,611,558	1,654,237	595,108	566,026
Equity	902,049	902,302	106,191	126,102
	<b>Balance as of June 30, 2015</b>	<b>Balance as of June 30, 2014</b>	<b>Balance as of June 30, 2015</b>	<b>Balance as of June 30, 2014</b>
	S/.(000)	S/.(000)	S/.(000)	S/.(000)
<b>Consolidated income statements</b>				
Operating profit	56,026	44,944	81,425	72,396
Net profit (loss)	(253)	11,037	55,053	48,030

The combined financial statements as of June 30, 2015 were approved by management of InRetail Perú Corp. on August 13, 2015.

(c) Reorganization and issuance processes

As indicated in paragraph (a) above and Note 13 (c) y (d), during the year 2014 InRetail Consumer issued an offering in "Senior Notes Unsecured" for US\$300,000,000 and S/.250,000,000. The funding was mainly used for the restructuring of long-term liabilities and investments in new projects for the Companies.

## 2. Summary of significant accounting policies

The significant accounting policies used in the preparation and presentation of the Companies combined financial statements are described below:

(a) Basis of preparation and presentation –

The interim condensed combined financial statements of the Companies have been prepared and presented solely to comply with certain obligations as a result of the issuance made by InRetail Consumer. Likewise, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) effective as of June 30, 2015 and December 31, 2014.

The interim condensed combined financial statements have been prepared on a historical cost basis, except for derivative financial instruments, available-for-sale investments and other financial assets that have been measured at fair value. The interim condensed combined financial statements and other financial assets are presented in Nuevos Soles and all values are rounded to the nearest thousand (S/. (0000)), except when otherwise indicated.

The interim condensed combined financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Companies annual combined financial statements as of December 31, 2014.



## Notes to the combined financial statements

(b) Basis of combination –

The interim condensed combined financial statements comprise the consolidated financial statements of the Companies and their Subsidiaries, which have been prepared under IFRS; see Note 1. For purposes of these consolidated financial statements, subsidiaries are fully consolidated from the date of acquisition; being the date on which Supermercados Peruanos S.A. or Eckerd Perú S.A. obtained 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 combined financial statements result from the addition of the balances of all the accounts of the Companies consolidated financial statements; however, there is not any relationship as a parent and subsidiaries. The significant transaction among the Companies balances and profit and losses have been eliminated. The combined financial statements are prepared using uniform accounting policies for similar transactions and events, which are described in the following notes to the combined financial statements.

Additionally, the combined financial statements include some assets, liabilities and results as a consequence of transactions made by InRetail Perú Corp. that are directly related to the Companies. The main combined adjustments and intercompany eliminations are explained below:

- (i) Intercompany eliminations of balances and transactions, that mainly corresponds to commercial transactions between the Companies (rental and/or rights of use of property, sale of merchandise vouchers, key money, etc.)
- (ii) The “InkaFarma” commercial brand and goodwill recorded in the consolidated financial statement of InRetail Perú Corp. and Subsidiaries as a consequence of the acquisition of Eckerd Perú S.A. and Subsidiaries in January 2011 for approximately S/.373,054,000 and S/.709,472,000, respectively; see Note 10. Likewise, the deferred tax liability related to this commercial brand amounts to approximately S/.96,994,000.
- (iii) The debt obtained by InRetail Perú Corp. for the acquisition of Eckerd Perú S.A. and Subsidiaries (Senior Guaranteed Notes for US\$130,000,000 as of June 30, 2014). The interests payable accrued for the six-months ended as of June 30, 2014, related to this debt and included in the combined income statements, amount to approximately S/.16,088,000. Also during the same period there wasn't difference in change associated with the debt.

Additionally, combined adjustments related to “Other payables” include approximately S/.15,189,000 which correspond to recoverable taxes from the Tax Authority maintained by Eckerd Perú S.A. at the date of its purchase. According to the Sale Agreement, if these taxes are recovered, they must be returned by InRetail to former shareholders of Eckerd Perú S.A. former shareholders by InRetail Perú Corp. S.A. To the date of this report, Eckerd Perú S.A. has recovered approximately S/. 13,154,000 of such taxes and, have been returned to its former shareholders in December 2014.

## Notes to the combined financial statements

(c) New standards, interpretations and amendments –

The accounting policies adopted in the preparation of the interim condensed combined financial statements are consistent with those followed in the preparation of the Companies annual combined financial statements for the year ended December 31, 2014, except for the adoption of the new standards and interpretations as of January 1, 2015.

The Companies decided not to early adopt the following standards and interpretations that have been issued by the IASB, but which are not effective as of June 30, 2015:

- IFRS 9 “Financial Instruments”  
In July 2014, the IASB issued the final version of IFRS 9 “Financial Instruments” which includes all phases of the financial instruments project and replaces IAS 39 “Financial Instruments: Recognition and Measurement” and all previous versions of the IFRS 9. The standard introduces new requirements for the classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on January 1, 2018 but its early adoption is permitted. Retrospective application is permitted, but the comparative information is not mandatory. It is expected that the adoption of IFRS 9 will not have a significant impact on the classification and measurement of Company’s financial assets and liabilities.
- Annual Improvements (Cycle 2010-2012) –  
These improvements are effective since July 1, 2014 and it is not expected that these have a material impact on the Companies. These improvements are related to IFR 2 “Share-based Payments” (clarifies several issues related to performance conditions and accrual of benefits), IFRS 3 “Business Combinations” (classifications of liabilities arising on business combinations and subsequent fair value measurement), IFRS 8 “Operating Segments” (further disclosure is required on segments aggregation criteria) and IAS 24 “Related Party Disclosures” (further disclosure is required and clarifies that an entity that provides management services is a related party).
- Annual improvements (Cycle 2011-2013) –  
These improvements are effective since July 1, 2014, and it is not expected that these have a material impact on the Companies. These improvements are related to IFRS 3 “Business Combinations” (establishes that joint arrangements are outside of its scope) and IAS 40 “Investment Property” (supplementary services will differentiate between investment property and owner-occupied property).
- IFRS 15 “Revenue from Contracts with Customers”–  
IFRS 15 was issued in May 2014 and established a five-step model that will apply to income arising from contracts with customers. Under IFRS 15, income is recognized for an amount that reflects the contractual consideration agreed with the customer. The principles in IFRS 15 provide a more structured approach to measure and recognize revenues.

The new standard on revenue is applicable to all entities and replaces all revenue recognition requirements under IFRS. Complete or modified retrospective application for annual periods beginning on 1 January 2017 is required and early adoption is permitted. The Companies are currently assessing the impact of IFRS 15 and plans to adopt it when is effective.

## Notes to the combined financial statements

- Amendment to IAS 27: Method of equity in the separate financial statements –  
The amendment will allow entities to use the equity method to record the investments in subsidiaries, joint arrangements and associates in their separated financial statements. Entities which had been applying IFRS and choose to switch to equity method in its separate financial statements will have to apply the change retroactively. The amendments are effective for annual periods beginning on January 1, 2016 and early adoption is permitted.

As of the date of this report, the Companies are assessing the possible impact of the application of these standards on its consolidated financial statements.

### 3. Transactions in foreign currency

Transactions in foreign currency are carried out using exchange rates prevailing in the market as published by the Superintendence of Banks, Insurance and Pension Funds Administration. As of June 30, 2015, the weighted average exchange rates in the market for transactions in US\$ Dollars were S/.3.174 per US\$1 bid and S/.3.179 per US\$1 ask (S/.2.981 and S/.2.989 per US\$1 bid and ask as of December 31, 2014).

As of June 30, 2015 and December 31, 2014, the companies held the following foreign currency assets and liabilities:

	As of June 30, 2015 US\$(000)	As of December 31, 2014 US\$(000)
<b>Assets</b>		
Cash and short-term deposits	464	4,133
Available-for-sale investment	2,516	-
Trade receivables, net	1,450	426
Other receivables, net	3,331	2,826
Accounts receivable from related parties	1,697	5,806
	<u>9,458</u>	<u>13,191</u>
<b>Liability</b>		
Trade payables	(10,131)	(20,464)
Other payables	(10,309)	(8,483)
Accounts payable to related parties	(1,733)	(1,486)
Interest - bearing loans and borrowings	(238,036)	(287,008)
	<u>(260,209)</u>	<u>(317,441)</u>
<b>Currency swap transactions</b>	30,000	-
<b>Net liability position</b>	<u>(220,751)</u>	<u>(304,250)</u>

As of June 30, 2015 and December 31, 2014, the Companies have decided to accept its exchange rate risk, so they have not performed, at these date, any hedging of exchange risk with exception of a hedging operation held by InRetail Consumer, as of June 30, 2015, which relates to a currency swap written over its "Senior Notes Unsecured" which has qualified as an effective hedging instrument. The net position in derivatives related to this currency swap agreement corresponds to an exchange operation (Nuevos soles exchanged for US Dollars) with notional amount of approximately US\$ 30,000,000 equivalent to S/.93,990,000 as of June 30, 2015. See further detail in Note 14.

## Notes to the combined financial statements

### 4. Cash and short-term deposits

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

	As of June 30, 2015 S/.(000)	As of December 31, 2014 S/.(000)
Cash	14,205	4,754
Current accounts (b )	55,437	58,107
Time deposits (c )	51,614	100,102
Other	15,042	5,246
<b>Total</b>	<b>136,298</b>	<b>168,209</b>

(b) The Companies maintain current accounts in local banks in Nuevos Soles and US Dollars that do not accrue interest and are freely available.

(c) As of June 30, 2015, time deposits in local currency are freely available and are kept in Nuevos Soles, in local banks, have maturities up to a month since inception and bear annual interest between 4.30 and 4.70 percent. As of December 31, 2014, this amount corresponded to time deposits freely available in Nuevos Soles in local financial institutions that generate interest between 3.95 and 6.59 annual percent and matured up to a month since inception.

### 5. Trade receivables, net

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

	As of June 30, 2015 S/.(000)	As of December 31, 2014 S/.(000)
Trade accounts receivable (c )	18,250	30,118
Credit card operations (d )	21,116	19,617
Rent receivable (e )	5,740	8,974
Others	6,892	2,471
<b>Total</b>	<b>51,998</b>	<b>61,180</b>
Provision for doubtful accounts (f)	(2,792)	(2,770)
	<b>49,206</b>	<b>58,410</b>

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

(c) Corresponds mainly to trade receivable from sales of inventories and from the sale of merchandise vouchers to various companies and public institutions. At the date of this report, these balances are mostly collected.

(d) Corresponds mainly to 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 and Eckerd.

## Notes to the combined financial statements

- (e) Corresponds to accounts receivable for the lease of commercial premises to concession holders inside the stores of Supermercados Peruanos S.A.
- (f) The movements in the provision for doubtful accounts receivable for the six-month periods ended June 30, 2015 and 2014, were as follows:

	<b>2015</b>	<b>2014</b>
	S/.(000)	S/.(000)
<b>Balance at the beginning of the year</b>	2,770	2,018
Provision recognized as year expense, Note 18 (a)	22	24
Write offs and recoveries	-	-
Exchange foreign currency	-	-
<b>Balance at the end of the period</b>	<u>2,792</u>	<u>2,042</u>

As of June 30, 2015 and December 31, 2014, the amount of trade receivables past due but not impaired amounted to approximately S/. 18,815,000 and S/.34,289,000, respectively.

The overdue items which have a payment agreement by the customer, are not considered impaired.

In the opinion of Management, the provision for doubtful accounts receivable as of June 30, 2015 and December 31, 2014 appropriately covers the credit risk of this item at those dates.

### 6. Inventories, net

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

	<b>As of June 30, 2015</b>	<b>As of December 31, 2014</b>
	S/.(000)	S/.(000)
Goods	751,932	777,051
In transit inventories (b)	10,035	27,942
Miscellaneous supplies	<u>12,466</u>	<u>7,829</u>
<b>Total</b>	774,433	812,822
<b>Minus</b>		
Provision for impairment of inventories (c)	(6,155)	(9,001)
<b>Total</b>	<u>768,278</u>	<u>803,821</u>

- (b) Corresponds to goods and miscellaneous supplies imported by the Companies.

## Notes to the combined financial statements

- (c) The changes in the provision for inventory impairment for the six-month periods ended as of June 30, 2015 and 2014 were as follows:

	<b>2015</b> S/.(000)	<b>2014</b> S/.(000)
<b>Balance at the beginning of the year</b>	9,001	12,001
Provision of the period, Note 18(a)	1,363	3,063
Write-off/recovery	(4,209)	(8,526)
<b>Balance at the end of the period</b>	<u>6,155</u>	<u>6,538</u>

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.

### 7. Available-for-sale investment

As of June 30, 2015, available for sale investments correspond to notes issued by a related company of Intercorp Group of approximately US\$2,516,000 (equivalent to S/.7,997,000).

### 8. Prepayments

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

	<b>As of June 30,</b> <b>2015</b> S/.(000)	<b>As of December 31,</b> <b>2014</b> S/.(000)
Key money	16,992	17,532
Prepaid rent	11,614	12,550
Insurance	4,648	293
Others	<u>25,121</u>	<u>7,555</u>
<b>Total</b>	58,375	37,930
Current	35,996	15,389
Non current	<u>22,379</u>	<u>22,541</u>
<b>Total</b>	<u>58,375</u>	<u>37,930</u>

## Notes to the combined financial statements

### 9. Property, furniture and equipment, net

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

	As of June 30, 2015	As of December 31, 2014
	S/.(000)	S/.(000)
<b>Cost</b>		
<b>Initial balance</b>	2,547,374	2,328,635
Additions (b )	114,346	284,624
Disposals and/or sales (c )	(48,979)	(65,885)
Transfer to Investment properties	-	-
<b>Final balance</b>	<u>2,612,741</u>	<u>2,547,374</u>
<b>Accumulated depreciation</b>		
<b>Initial balance</b>	673,775	590,771
Additions 18 (a)	63,187	111,093
Disposals and/or sales	(45,571)	(28,089)
Transfer to Investment properties	-	-
<b>Final balance</b>	<u>691,391</u>	<u>673,775</u>
<b>Net book value</b>	<u>1,921,350</u>	<u>1,873,599</u>

- (b) Additions for the periods ended June 30, 2015 and December 31, 2014 correspond mainly to the construction and equipment for the new premises of Supermercados Peruanos S.A. and the Eckerd Group.
- (c) Corresponds mainly to assets sold and to the disposal of unusable assets as a result of the process of changing formats in some premises. The resulting income or expense has been included in the "Other operating income" or "Other operating expenses" caption of the combined income statement, respectively.
- (d) As of June 30, 2015, the cost and corresponding accumulated depreciation of assets acquired through finance leases was approximately S/.516,237,000 and S/.100,690,000 respectively (S/.438,017,000 and S/.67,275,000 respectively, as of December 31,2014).
- (e) The Companies maintain insurance policies on their main assets in accordance with policies established by Management.

## Notes to the combined financial statements

### 10. Investment properties

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

	<b>As of June 30, 2015</b>	<b>As of December 31, 2014</b>
	S/. (000)	S/. (000)
Cost of buildings	17,729	19,567
Less: Accumulated depreciation	250	1,838
	<u>17,479</u>	<u>17,729</u>

(b) As of June 30, 2015 and December 31, 2014, investment properties include three properties located in Lima, Tacna and Puno held to earn income.

(c) In Management's opinion, the book value of investment properties as of June 30, 2015, and December 31, 2014 is not significantly different from its corresponding fair value since these properties were acquired, completed or implemented during 2014 and 2013.

(d) As of June 30, 2015 and December 31, 2014, Management of the Companies performed an evaluation of their investment properties, and has not found any indication of impairment.

### 11. Intangible assets, net

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

	<b>As of June 30, 2015</b>	<b>As of December 31, 2014</b>
	S/.(000)	S/.(000)
<b>Cost</b>		
<b>Initial balance</b>	1,228,722	1,222,602
Additions (c)	9,343	15,129
Disposal and/or sales	(186)	(9,009)
<b>Final balance</b>	<u>1,237,879</u>	<u>1,228,722</u>
<b>Accumulated amortization</b>		
<b>Initial balance</b>	52,848	52,288
Additions 18 (a)	5,071	9,911
Disposals and/or sales	(24)	(9,351)
<b>Final Balance</b>	<u>57,895</u>	<u>52,848</u>
<b>Net, book value</b>	<u>1,179,984</u>	<u>1,175,874</u>



## Notes to the combined financial statements

- (b) As of June 30, 2015 and December 31, 2014, this caption mainly includes approximately S/.373,054,000 and S/.709,472,000 corresponding to the brand “InkaFarma” and goodwill respectively, resulting from applying the purchase method at the moment of the acquisition of Eckerd Perú S.A. in 2011. Both assets have been assigned to the cash generating unit “Drugstores”, which is an operating segment reportable for the impairment tests.

Management of the Companies estimated the fair value of the brand by applying the “saving from-royalty” method. The principle behind “saving from-royalty” method is that a brand-holding company owns the brand, avoiding payments of royalties for the use of the brand, to another hypothetical owner, therefore, the economic value of the brand is represented by the avoided royalties.

### 12. Trade payables

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

	As of June 30, 2015 S/.(000)	As of December 31, 2014 S/.(000)
Bills payable for purchase of goods	1,099,699	1,103,965
Bill payable for commercial services	133,613	135,941
<b>Total</b>	<u>1,233,312</u>	<u>1,239,906</u>

- (b) This caption mainly includes obligations to non-related local and foreign suppliers, denominated in local currency and US Dollars, with current maturities and do not bear any interest. There have been no liens granted on these obligations.

The Companies offer their suppliers access to an accounts payable service 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 Companies have no direct financial interest in these transactions. All of the Companies obligations, including amounts due, remain due to its suppliers as stated in the supplier agreements.

## Notes to the combined financial statements

### 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 %	Final maturity	Original amount		Total		Current		Non-current			
						2015		2014		2015		2014	
						US\$ (000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Notes Senior Unsecured (e)</b>													
Notes Senior Unsecured (c)	USD	5.250	2021	300,000	-	726,158	850,411	-	-	726,158	850,411		
Notes Senior Unsecured (d)	PEN	6.8125	2021	-	250,000	249,141	249,088	-	-	249,141	249,088		
				<u>300,000</u>	<u>250,000</u>	<u>975,299</u>	<u>1,099,499</u>	<u>-</u>	<u>-</u>	<u>975,299</u>	<u>1,099,499</u>		
<b>Leasing (b)</b>													
<b>Related entities</b>													
Banco Internacional del Perú-Interbank	PEN	8.000	2019	-	27,412	23,531	25,889	4,991	4,806	18,540	21,083		
Banco Internacional del Perú-Interbank	PEN	Between 6.590 and 11.430	2019	-	145,277	78,255	84,671	27,898	26,700	50,357	57,971		
<b>Non-related entities</b>													
Hewlett Packard S.A.	USD	2.930	2017	3,678	-	13,574	10,967	5,650	4,241	7,924	6,726		
IBM Perú SAC	USD	2.930	2016	664	-	589	947	512	700	77	247		
Banco de Crédito del Perú	PEN	Between 6.590 and 7.761	2018	-	17,424	63,073	53,687	11,855	8,675	51,218	45,012		
BBVA Banco Continental	PEN	Between 5.960 and 10.850	2018	-	69,850	16,277	19,818	6,050	7,201	10,227	12,617		
BBVA Banco Continental	USD/PEN	7.000	2017	4,658	9,244	412	912	180	596	232	316		
Banco Scotiabank	USD/PEN	Between 4.700 and 7.790	2018	264	21,864	32,531	33,371	6,031	5,822	26,500	27,549		
				<u>9,264</u>	<u>291,071</u>	<u>228,242</u>	<u>230,262</u>	<u>63,167</u>	<u>58,741</u>	<u>165,075</u>	<u>171,521</u>		
<b>Loans</b>													
	PEN	6.950	2019	-	120,000	120,000	-	-	-	120,000	-		
				<u>-</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>-</u>		
<b>Other obligations to third parties (b)</b>													
Hewlett Packard S.A.	USD	Between 2.230 and 8.001	2018	11,549	-	14,275	15,671	4,406	5,570	9,869	10,101		
IBM Perú SAC	USD	8.000	2016	6,441	-	1,194	1,875	1,117	1,360	77	515		
				<u>17,990</u>	<u>-</u>	<u>15,469</u>	<u>17,546</u>	<u>5,523</u>	<u>6,930</u>	<u>9,946</u>	<u>10,616</u>		
<b>Total</b>				<u><b>327,254</b></u>	<u><b>661,071</b></u>	<u><b>1,339,010</b></u>	<u><b>1,347,307</b></u>	<u><b>68,690</b></u>	<u><b>65,671</b></u>	<u><b>1,270,320</b></u>	<u><b>1,281,636</b></u>		

## Notes to the combined financial statements

- (b) 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 Note 9(d). Such obligations do not have any special conditions that must be complied with covenants or restrictions affecting the operations of the Companies.
- (c) On October 2014, the Company issued through InRetail Consumer, an offering in the local market and abroad of "Senior Notes Unsecured" for US\$300,000,000 equivalent to approximately S/.953,700,000 as of June 30, 2015 (S/.896,700,000 approximately as of December 31, 2014), due in 2021 at an 5.25 percent nominal interest rate. This borrowing was recorded in the consolidated financial statements at their amortized cost at a 5.823 percent effective interest rate, after considering the respective up-front fees for approximately US\$5,245,000, equivalent to a total amount of approximately S/.16,673,000 as of June 30, 2015 (US\$5,558,000 equivalent to approximately S/.16,614,000 as of December 31, 2014). Additionally, as of June 30, 2015, the balance is presented net of US\$66,332,000 equivalent to a total amount of approximately S/.210,869,000 as of June 30, 2015 (US\$9,928,000 equivalent to a total amount of approximately S/.29,675,000 as of December 31, 2014) corresponding to notes of these issuance acquired by the Company itself. As of June 30, 2015 and December 31, 2014 the balance of this loan is S/.726,158,000 and S/.850,411,000, respectively.
- (d) Also, in October 2014 the Company issued through InRetail Consumer, an offering in the local market and abroad of "Senior Notes Unsecured" for S/.250,000,000, due in 2021 at an 6.8125 percent nominal interest rate. This borrowing was recorded in the consolidated financial statements at their amortized cost at a 6.8805 percent effective interest rate, after considering the respective up-front fees for approximately S/.859,000, as of June 30, 2015 (S/.912,000, as of December 31, 2014). As of June 30, 2015 and December 31, 2014 the balance of this loan is S/.249,141,000 and S/.249,088,000, respectively.
- (e) The funding was mainly used to:
- Purchase of "Senior Secured Notes" issued and placed in 2011 by InterCorp Retail Inc. through InterCorp Retail Trust, acquiring a total of 277,277,000, of such notes, and payment of the premium for repurchase the bonds.

It should be noted that of the 277,277,000 "Senior Secured Notes" were offset or settled as follows:

- (i) 130,000,000 were offset with the promissory note held by the Company with InterCorp Retail Trust. The total amount was US \$ 130,000,000 offset (approximately equivalent to S/.379.340,000 as of the offsetting date).
- (ii) 117,277,000 were settled in cash, so that during 2014 the Company received US \$ 117,277,000 (equivalent to approximately S / 347,726,000 as of the settlement date). A part of this amount was used to pay off the loan related to the Bank of America: and
- (iii) 30,000,000 were purchased on behalf of InterCorp Retail Inc. generating a receivable to that entity for S/.105,118,000 at December 2014 values. As of June 30, 2015 this amount was fully collect.

## Notes to the combined financial statements

- Restructuring of their liabilities, purchases properties and investments in new projects for the Company's subsidiaries.

Likewise, 100 percent of the "Senior Unsecured Notes" is guaranteed by the Supermercados Peruanos S.A. and Eckerd Perú S.A.'s shares.

As a result of these issuances certain obligations and restrictive clauses must be complied until their maturity of cancellation.

The financial ratio required to the issuer and to the subsidiaries that guarantee these borrowings is "Financial debt, net of cash / EBITDA," which presents the followings limits:

- No greater than 3.75 times until September 2015
- No greater than 3.25 times between October 2015 and September 2016; y,
- No greater than 2.75 times after October 2017

In Management's opinion, these clauses do not limit the operations of Supermercados Peruanos and Subsidiaries and Eckerd Perú S.A. and Subsidiaries as of June 30, 2015 and December 31, 2014.

- (f) On June 2015, Supermercados Peruanos S.A. received a loan from Scotiabank , amounting to S/.120,000,000, bearing an annual effective interest rate 6.95 percent and matures in June 2019, this loan is secured with Company's properties.
- (g) Corresponds to the debt that Supermercados Peruanos S.A. incurred 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 owed to SAP Andina del Caribe S.A. for the development of the SAP system. Said contracts do not have any specific guarantee.
- (h) Debts and interest – bearing loans payable are as follows:

	<b>As of June 30, 2015</b>	<b>As of December 31, 2014</b>
	S/.(000)	S/.(000)
2013	-	-
2014	142,837	55,328
2015	50,732	62,875
2016 onwards	1,145,441	1,229,104
<b>Total</b>	<b>1,339,010</b>	<b>1,347,307</b>

## Notes to the combined financial statements

### 14. Derivative financial instrument

As of June 30, 2015, this item comprises of a cross currency swap contract designated to hedge cash flows and recorded at its fair value. The detail of this operation is as follows:

Counterparty	2015				
	Nominal value	Due	Pay fix at	Exchange rate	Fair value
	US\$(000)		%		S/.(000) Liability
Deutsche Bank A.G.	30,000,000	October 2021	3.83	3.133	2,166
					2,166

### 15. Deferred income tax

- (a) The amounts presented in the statement of financial position as of June 30, 2015 and December 31, 2014, as well as the statements of comprehensive income for the six-month periods ended June 30, 2015 and 2014 are shown below:

Statements of financial position	Deferred liability, net	
	As of June 30, 2015 S/. (000)	As of December 31, 2014 S/.(000)
Deferred income tax asset	-	15,517
Deferred income tax liability	(122,053)	(134,774)
Deferred income tax liability, net	(122,053)	(119,257)

  

Statements of comprehensive income	Income tax for the six-month periods ended June 30, 2015 and 2014	
	2015 S/. (000)	2014 S/.(000)
Current	(26,071)	(21,836)
Deferred	(3,081)	(6,818)
	(29,152)	(28,654)

- (b) As of June 30, 2015 and December 31, 2014 the income credit tax, net of provision for current income tax payable, amounts to approximately S/.4,948,000 and S/.2,545,000, respectively.

## Notes to the combined financial statements

### 16. Equity

#### (a) Capital stock –

Company	N° issued common shares		Nominal value	Accounting balance of issued capital	
	As of June 30, 2015	As of December 31, 2014		As of June 30, 2015	As of December 31, 2014
			S/. (000)		S/. (000)
Supermercados Peruanos S.A. and Subsidiarias (*)	320,332,671	320,332,671	1.05	336,349	336,349
Eckerd Perú S.A. y subsidiarias	13,783,428	13,783,428	1.00	13,784	13,784

(\*) From May to December 2014, a cash contribution by InRetail Peru Corp. (shareholder of this Company) was approved, for a total of approximately S/.47,951,000. Consequently, an increase in capital for approximately S/.8,818,000 and a capital premium of approximately S/.39,133,000 were recorded. At the date of this report, the issuance of 8,398,000 new shares in relation to this cash contribution is pending.

Between August and December 2013, the company received capital contribution by approximately S/.57,951,000. Consequently, an increase in capital for approximately S/.10,656,000 and a capital premium of approximately S/.47,295,000 were recorded. At the date of this report the issuance of 10,148,861 new shares in relation to this cash is pending.

#### (b) Additional paid-in capital –

As of June 30, 2015 and December 31, 2014, the “Additional paid-in capital” caption includes the net effect of the adjustments related to the acquisition of Eckerd Perú S.A. and Subsidiaries at said dates; see Note 11(b).

#### (c) Legal reserve –

As provided in the Corporation Act, it is required that a minimum of 10 percent of distributable income for each year is transferred to a legal reserve until such reserve equals 20 percent of the capital. The legal reserve can absorb losses or be capitalized, but in both cases it must be replenished. The legal reserve is appropriated when the General Shareholders’ Meeting approves the same.

## Notes to the combined financial statements

(d) Dividends declared and paid –

The Board of Shareholders agreed to distribute dividends from profits available of S/.75,000,000, which were paid during the six-month periods of the year. (S/.70,000,000, during the six-months periods and was paid in full in 2014).

### 17. Tax Situation

(a) The Companies are subject to the Peruvian Tax System and they calculate their income Tax on the basis of their individual financial statements. As of June 30, 2015 and December 31, 2014, the statutory Income Tax rate was 28 and 30 percent on taxable income, respectively.

According to Law No 30296 the rate of income tax will be 28 percent for 2016, 27 percent for 2017 and 2018, and 26 percent as of the year 2019.

Entities and individuals not domiciled in Perú are subject to retention of an additional tax on dividends received. In this regard, attention to Law N° 30296, published on December 31, 2014 and effective from January 1, 2015, the additional tax on dividend income generated is as follows:

- 4.1 percent of the profits generated until December 31, 2014
- For the profits generated from 2015, whose distribution is made after that date, shall be:
  - For 2015 and 2016 will be 6.8 percent.
  - For 2017 and 2018 will be 8.0 percent
  - For 2019 onwards will be 9.3 percent.

(b) According to the text of the Law on Income Tax, as amended by Law No. 29663 and 29757, as of year 2012, among the transactions subject to capital duty, are those obtained by the indirect sale of shares of Peruvian Companies. For these purposes, an indirect transfer is set when two instances occur together:

- First, 10 percent on more of the shares of non-resident must be sold in any twelve months period (assumed effective from February 16, 2011); and,
- Second, the market value of the shares of the Peruvian society must represent 50 percent or more the market value of non-domiciled, in any period of twelve months.

(c) For purposes of determining the Income 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 be any significant contingencies for the Companies as of June 30, 2015 and December 31, 2014.

(d) 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 was submitted.

## Notes to the combined financial statements

Following are the years subject to review by the tax authority of the Companies:

	<b>Income Tax</b>	<b>Value added tax</b>
Supermercados Peruanos S.A.	From 2010 to 2014	From 2010 to 2014
Eckerd Perú S.A.	From 2013 to 2014	From 2013 to 2014
Eckerd Amazonia S.A.C.	2012, 2013 and 2014	2012, 2013 and 2014
Boticas del Oriente S.A.C.	2012, 2013 and 2014	2012, 2013 and 2014

According to Peruvian law, InRetail Consumer is not considered income taxpayers due to its status as a trust. InRetail Consumer 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 authority may give to legislation, it is not possible to determine, to date, whether the reviews will result in liabilities for the Companies. Therefore, any major tax or surcharge that may result from eventual revisions by the tax authority would be charged to the combined statements of comprehensive income of the period in which said tax or surcharge is determined.

Management's opinion as well as its legal advisors opinion, any eventual additional tax settlement would not be significant to the combined financial statements as of June 30, 2015 and December 31, 2014.

### 18. Operating expenses

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

	<b>2015</b>	<b>2014</b>
	S/.(000)	S/.(000)
Cost of sales	2,214,231	1,983,886
Selling expenses	642,859	573,411
Administrative expenses	<u>76,915</u>	<u>68,716</u>
	<u>2,934,005</u>	<u>2,626,013</u>

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



## Notes to the combined financial statements

	2015			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Initial balance of goods	785,299	-	-	785,299
Purchase of goods	2,179,501	-	-	2,179,501
Final balance of goods, Note 6(a)	(751,932)	-	-	(751,932)
Impairment of inventories note 6(c)	1,363	-	-	1,363
Packing and packaging	-	20,746	231	20,977
Personnel expenses	-	251,199	42,148	293,347
Depreciation, Note 9(a)	-	55,870	7,317	63,187
Amortization, Note 11(a)	-	3,242	1,829	5,071
Key money amortization	-	642	-	642
Services provided by third parties (b)	-	101,787	12,352	114,139
Advertising	-	37,946	-	37,946
Rental of premises	-	87,502	3,923	91,425
Taxes	-	11,697	1,190	12,887
Provision for doubtful trade receivables, Note 5(f)	-	22	-	22
Provision for doubtful other account receivables,	-	1,490	-	1,490
Insurance	-	4,202	283	4,485
Other charges (c)	-	66,514	7,642	74,156
	<b>2,214,231</b>	<b>642,859</b>	<b>76,915</b>	<b>2,934,005</b>

	2014			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Initial balance of goods,	774,040	-	-	774,040
Purchase of merchandise	2,001,074	-	-	2,001,074
Final balance of goods	(794,291)	-	-	(794,291)
Impairment of inventories,	3,063	-	-	3,063
Packing and packaging	-	13,855	126	13,981
Personnel expenses	-	225,345	37,901	263,246
Depreciation, Note 9(a)	-	45,576	6,714	52,290
Amortization, Note 11(a)	-	2,957	1,933	4,890
Key money amortization	-	463	-	463
Services provided by third parties (b)	-	89,233	12,082	101,315
Advertising	-	40,836	-	40,836
Rental of premises	-	68,005	3,102	71,107
Taxes	-	11,416	1,290	12,706
Provision for doubtful trade receivables, Note 5(f)	-	-	24	24
Insurance	-	4,312	404	4,716
Other charges (c)	-	71,413	5,140	76,553
	<b>1,983,886</b>	<b>573,411</b>	<b>68,716</b>	<b>2,626,013</b>

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

(c) Mainly include general expenses in stores.

## Notes to the combined financial statements

### 19. Finance costs

The table below presents the components of this caption:

	Balance as of June 30, 2015 S/. (000)	Balance as of June 30, 2014 S/. (000)
<b>Finance income</b>		
Interest and others	2,342	2,687
Interest for derivate instruments	149	-
	<u>2,342</u>	<u>2,687</u>
<b>Finance cost</b>		
Interest on loans, borrowings and bonds payable	41,564	47,797
Interest from derivate instruments	810	1,227
Other financial costs	<u>15,319</u>	<u>6,740</u>
	<u>57,693</u>	<u>55,764</u>

### 20. Transactions with related parties

(a) The following table provides the total amount of transactions with related parties for the relevant financial periods ended June 30, 2015 and 2014:

	2015 S/.(000)	2014 S/.(000)
<b>Income</b>		
Sales	2,225	2,771
Rental income	6,465	7,428
Rendering of services	2,771	7,359
Sales of fixets assets	2	22,065
Others	<u>12,371</u>	<u>9,144</u>
	<u>23,834</u>	<u>48,767</u>
<b>Expenses</b>		
Renting of premises and land	5,881	15,998
Reimbursements of expenses	17,722	6,150
Commissions	91	183
Other services	-	-
Interest	4,398	-
Others	<u>6,509</u>	<u>11,915</u>
	<u>34,601</u>	<u>34,246</u>

## Notes to the combined financial statements

- (b) As a result of the transactions with related companies, the Companies recorded the following balances of receivables and payables as of June 30, 2015 and December 31, 2014:

	As of June 30, 2015 S/.(000)	As of December 31, 2014 S/.(000)
<b>Receivables</b>		
Home Centers Peruanos S.A	2,036	2,724
Financiera Uno	1,900	4,964
Banco Internacional del Perú S.A.A. – Interbank	5,125	4,443
Tiendas Peruanas S.A.	2,546	3,227
Intercorp Retail Inc.	4	17,934
Bembos	1,361	1,134
Cineplex S.A.	261	746
Urbi	201	186
Otros	6,224	5,416
	<u>19,658</u>	<u>40,774</u>
	As of June 30, 2015 S/.(000)	As of December 31, 2014 S/.(000)
<b>Payables</b>		
Interproporties Holding (f)	6,637	9,872
Financiera Uno (d)	21,485	15,813
Banco Internacional del Perú S.A.A. – Interbank:	-	-
Líneas de crédito y otros	50	471
Depósito en garantía (e)	4,669	4,242
Horizonte Global Opportunities Perú S.A.	586	545
Cineplex S.A.	9	35
Others	2,322	2,636
	<u>35,758</u>	<u>33,614</u>
Remunerations payable to key management	-	-
	<u>35,758</u>	<u>33,614</u>
Current portion	31,089	29,372
Non-current portion	4,669	4,242
<b>Total</b>	<u>35,758</u>	<u>33,614</u>

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 note. There have been no guarantees provided or received for any related party receivables or payables. For the nine month periods end December 31, 2014 and 2013, the Companies have 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.

## Notes to the combined financial statements

- (d) On June 30, 2013, Supermercados Peruanos S.A. and Financiera Uno S.A., a related entity, signed the "Contract of Issuance and Administration of the "Oh!" credit card". This contract allows that Financiera Uno S.A. can exclusively operate its "Oh!" credit card in the Supermercados Peruanos stores.

Likewise, as a consequence of such contract, as of June 30, 2015 and December 31, 2014 and 2013, Supermercados Peruanos S.A. holds accounts payable to Financiera Uno S.A. for approximately S/.21,485,000 and S/.15,813,000 respectively, which corresponded mainly to the collection of installments to users of the "Oh!" credit card, which normally are transferred to Financiera Uno S.A. the day following of its collection.

- (e) Supermercados Peruanos S.A. and Banco Internacional del Perú S.A.A. –Interbank signed contracts on leases of financial stores for 15 and 7 years in October 2004 and September 2009, respectively. Said 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 Combined statements of financial position. Additionally, and only in the case of the 2004 contract, Supermercados Peruanos S.A. received from Banco Internacional del Perú S.A.A. – Interbank US\$2,000,000 as collateral for the contract. As of June 30, 2015 and 2014, Supermercados Peruanos S.A. has credited the update of the present value of this deposit in the "Financial income" caption. The net present value of the balances related to guarantee deposit amount to S/.4,669,000 and S/.4,242,000 respectively, as of June 30, 2015 and December 31, 2014, and is accounted for in the "Other Payables" in the Combined statement of financial position.

In relation to said contracts, during 2015 Supermercados Peruanos S.A. recognized accrued rental income that amounted to approximately S/.1,490,000, equivalent to US\$496,000 (S/.1,626,000, equivalent to US\$541,000, during 2014), which are recorded in the "Rental income" caption in the Combined income statements.

As of June 30, 2015, Supermercados Peruanos S.A. maintains deferred revenue that amounts to approximately S/.5,749,000 (S/.6,889,000 as of December 31, 2014) which will be recognized as income in upcoming periods.

- (g) Corresponds to account payables generated by the construction of two new stores for Supermercados Peruanos S.A., whose construction was realized by Interproperties Holding.

## Notes to the combined financial statements

### 21. Deferred revenue

The table below presents the components of this caption:

	As of June 30, 2015 S/.(000)	As of December 31, 2014 S/.(000)
Leases to financial modules	5,749	6,890
Other leases	<u>14,282</u>	<u>13,804</u>
<b>Total</b>	<b><u>20,031</u></b>	<b><u>20,694</u></b>
Current portion	3,765	3,950
Non-current portion	<u>16,266</u>	<u>16,744</u>
<b>Total</b>	<b><u>20,031</u></b>	<b><u>20,694</u></b>

### 22. Commitments and contingencies

Commitments –

The main commitments assumed are presented below:

- (a) As of June 30, 2015 and December 31, 2014, the Companies have signed rental 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 assumed up until 2044, calculated on the basis of the fixed rental amounts, were disclosed in the annual financial statements for the year ended as of December 31, 2014.
- (b) As of June 30, 2015 and December 31, 2014, the Companies agreed with several financial entities on the issuance of solidary and irrevocable letters of guarantee to comply with the payment of goods purchased to foreign suppliers.
- (c) During 2014, InRetail Consumer, issued and US\$300,000,000 and S/250,000,000 of “Senior Guaranteed Notes” which are guaranteed by the Companies’ equity and other related parties.

Contingencies –

- (a) Eckerd Amazonia 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 June 30, 2015 and December 31, 2014.
- (b) Eckerd Perú S.A. has a legal process with its supplier Ekalmi S.A. as consequence of disagreements on the services it provides. At the date of this report, Ekalmi S.A. has demanded Eckerd Perú S.A. a pending payment for approximately S/.10,000,000. As of June 30, 2015 and December 31, 2014, Eckerd Perú S.A. holds liabilities with this supplier for approximately S/.5,000,000; and in opinion of Eckerd Perú S.A., it would be the maximum amount it would pay.

## Notes to the combined financial statements

- (c) Supermercados Peruanos S.A. is a party to tax proceedings related of Income Tax returns and its monthly Value Added Tax presented in taxable years 2004, 2005, 2006, 2007, 2008 and 2009. As of the date of this report Supermercados Peruanos S.A. has challenged the Tax Administration for these resolutions and, In the opinion of Management as well as its legal advisors, Supermercados Peruanos has sufficient arguments supporting its case; hence it expects favorable results on the contingent issues explained above, and therefore has not recorded any provision for these processes as of June 30, 2015 and December 31, 2014, respectively.

### 23. Business segments

For management purposes, the Companies are organized into business units based on their products and services and they have two reportable segments i) supermarkets ii) drugstores. 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 combined financial statements.

Transfer pricing between operating segments is on an arm's- length basis in a manner similar to all transactions with third parties.

## Notes to the combined financial statements

The following table presents the financial information of Companies by business segments for the six-month periods ended June 30, 2015 and 2014:

	Supermarkets S/.(000)	Pharmacies S/.(000)	Total segments S/.(000)	Holding accounts, combination adjustments and intercompany eliminations S/.(000)	Combined S/.(000)
<b>For the six-month periods ended June 30, 2015</b>					
<b>Revenue</b>					
External income	1,939,386	1,129,638	3,069,024	-	3,069,024
Inter-segment	4,952	7	4,959	(4,959)	-
<b>Total revenue</b>	<b>1,944,338</b>	<b>1,129,645</b>	<b>3,073,983</b>	<b>(4,959)</b>	<b>3,069,024</b>
Cost of sales	(1,443,978)	(770,253)	(2,214,231)	-	(2,214,231)
<b>Gross profit</b>	<b>500,360</b>	<b>359,392</b>	<b>859,752</b>	<b>(4,959)</b>	<b>854,793</b>
Other operating income	3,961	556	4,517	-	4,517
Selling expenses	(398,466)	(249,352)	(647,818)	4,959	(642,859)
Administrative expenses	(47,541)	(28,959)	(76,500)	(415)	(76,915)
Other operating expenses	(2,288)	(212)	(2,500)	-	(2,500)
<b>Operating profit</b>	<b>56,026</b>	<b>81,425</b>	<b>137,451</b>	<b>(415)</b>	<b>137,036</b>
Net, Exchange difference	(29,947)	(661)	(30,608)	(14,850)	(45,458)
Finance income	1,711	420	2,131	360	2,491
Finance costs	(24,156)	(1,226)	(25,382)	(32,311)	(57,693)
<b>Profit before income tax</b>	<b>3,634</b>	<b>79,958</b>	<b>83,592</b>	<b>(47,216)</b>	<b>36,376</b>
Income tax expense	(3,887)	(24,905)	(28,792)	(360)	(29,152)
<b>Profit for the year</b>	<b>(253)</b>	<b>55,053</b>	<b>54,800</b>	<b>(47,576)</b>	<b>7,224</b>
<b>Attributable to:</b>					

## Notes to the combined financial statements

	Supermarkets S/.(000)	Pharmacies S/.(000)	Total segments S/.(000)	Holding accounts, combination adjustments and intercompany eliminations S/.(000)	Combined S/.(000)
<b>For the six-month periods ended June 30, 2014</b>					
<b>Revenue</b>					
External income	1,744,063	995,280	2,739,343	-	2,739,343
Inter-segment	5,379	-	5,379	(5,379)	-
<b>Total revenue</b>	<b>1,749,442</b>	<b>995,280</b>	<b>2,744,722</b>	<b>(5,379)</b>	<b>2,739,343</b>
Cost of sales	(1,301,848)	(682,038)	(1,983,886)	-	(1,983,886)
<b>Gross profit</b>	<b>447,594</b>	<b>313,242</b>	<b>760,836</b>	<b>(5,379)</b>	<b>755,457</b>
Other operating income	22,789	596	23,385	-	23,385
Selling expenses	(363,336)	(215,454)	(578,790)	5,379	(573,411)
Administrative expenses	(42,733)	(25,983)	(68,716)	-	(68,716)
Other operating expenses	(12,398)	(5)	(12,403)	-	(12,403)
<b>Operating profit</b>	<b>51,916</b>	<b>72,396</b>	<b>124,312</b>	<b>-</b>	<b>124,312</b>
Net, exchange difference	363	(30)	333	-	333
Finance income	2,500	187	2,687	-	2,687
Finance costs	(37,648)	(2,028)	(39,676)	(16,088)	(55,764)
<b>Profit before income tax</b>	<b>17,131</b>	<b>70,525</b>	<b>87,656</b>	<b>(16,088)</b>	<b>71,568</b>
Income tax expense	(6,159)	(22,495)	(28,654)	-	(28,654)
<b>Profit for the year</b>	<b>10,972</b>	<b>48,030</b>	<b>59,002</b>	<b>(16,088)</b>	<b>42,914</b>



## Notes to the combined financial statements

### Geographic information –

As of June 30, 2015 and December 31, 2014, the operations of the Companies are concentrated in Peru, therefore, there are no revenues from external customers, or assets located in a foreign country as of those dates.

### 24. 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 or settlement value.

The following methods and assumptions were used to estimate the fair value of the main financial instruments:

- (a) Financial instruments whose fair value are 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 another payables and other current liabilities, approximate to their carrying amounts largely due to the short-term maturities of these instruments.
- (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 instruments. 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.

## Notes to the combined financial statements

### Fair value hierarchy –

The Companies use the following hierarchy to record or disclose, as required by the IFRS, the fair value of the financial instruments and investment properties recorded in the combined statements 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 Companies have not performed transfers of financial instruments from Level 3 to Level 1 or to Level 2 during the six-month periods ended June 30, 2015 and 2014. The financial instruments and its level of hierarchy for the determination of the fair value, to record or disclose, are the following:

- Available-for-sale investments which fair value was determined under level 1 hierarchy.
- Derivative instrument which fair value was determined under level 2 hierarchy.
- Bonds issued, and debts and loans that accrue interests, whose exposure fair values were determined through the Level 2 hierarchy.