

**Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú  
S.A. and Subsidiaries**

Interim combined financial statements as of September 30, 2014  
(unaudited) and December 31, 2013 (audited) and for the nine-month  
periods ended September 30, 2014 and 2013

## Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries

Interim combined statements of financial position  
As of September 30, 2014 and December 31, 2013

	Note	2014	2013		Note	2014	2013
		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	3	112,850	197,913	Trade payables	11	1,155,129	1,255,664
Trade receivables, net	4	45,079	58,675	Other payables		168,844	170,268
Other receivables, net		71,967	52,894	Accounts payable to related parties	18(b)	85,390	30,686
Accounts receivables from related parties	18 (b)	22,994	22,942	Interest-bearing loans and borrowings	12	167,018	151,403
Inventories, net	5	812,508	778,988	Deferred revenue		3,825	3,550
Available-for-sale investment	6	18,577	17,171	<b>Total current liabilities</b>		1,580,206	1,611,571
Prepayments	7	20,276	18,194				
<b>Total current assets</b>		<u>1,104,251</u>	<u>1,146,777</u>	Accounts payable to related parties	18(b)	4,035	3,642
				Interest-bearing loans and borrowings	12	1,000,571	943,636
<b>Non-current assets</b>				Derivative financial instrument		-	2,747
Other receivables, net		8,061	7,417	Deferred revenue		15,086	9,432
Prepayments	7	20,129	19,358	Deferred income tax liabilities, net	13	138,046	133,381
Property, furniture and equipment, net	8	1,829,342	1,737,864	<b>Total non-current liabilities</b>		<u>1,157,738</u>	<u>1,092,838</u>
Investment properties	9	17,853	18,229	<b>Total liabilities</b>		<u>2,737,944</u>	<u>2,704,409</u>
Intangible assets, net	10	1,173,761	1,170,314				
<b>Total non-current assets</b>		<u>3,049,146</u>	<u>2,953,182</u>	<b>Equity</b>			
				Capital stock	14	369,606	360,789
Investments at fair value through profit or loss				Capital premium		181,602	142,470
				Additional paid in capital		701,243	687,749
				Other equity reserves		17,544	16,274
				Retained earnings		145,458	188,268
				<b>Total equity</b>		<u>1,415,453</u>	<u>1,395,550</u>
<b>Total assets</b>		<u>4,153,397</u>	<u>4,099,959</u>	<b>Total liabilities and equity</b>		<u>4,153,397</u>	<u>4,099,959</u>

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

## Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries

Interim combined income statements

For the nine-month periods ended September 30, 2014 and 2013

	Note	2014 S/.(000)	2013 S/.(000)
Net sales of goods		4,157,951	3,658,711
Rental income		24,465	20,600
Rendering of services		17,134	24,578
<b>Revenue</b>		4,199,550	3,703,889
Cost of sales	16	(3,040,342)	(2,712,684)
<b>Gross profit</b>		1,159,208	991,205
Other operating income		33,485	30,604
Selling expenses	16	(871,494)	(750,708)
Administrative expenses	16	(107,625)	(102,129)
Other operating expenses		(20,371)	(1,253)
<b>Operating profit</b>		193,203	167,719
Finance income	17	3,477	6,437
Finance costs	17	(84,354)	(79,569)
Net exchange difference		(26,399)	(69,042)
<b>Profit before income tax</b>		85,927	25,545
Income tax expense	13	(42,787)	(25,763)
<b>Net Profit (loss)</b>		43,140	(218)

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

## Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries

Interim combined statements of comprehensive income  
For the nine-month periods ended September 30, 2014 and 2013

	Note	2014 S/.(000)	2013 S/.(000)
<b>Net profit (loss)</b>		43,140	(218)
<b>Other comprehensive income</b>			
Unrealized gain (loss) on available-for-sale investments		852	(1,647)
Transfer of the realized gain on available-for-sale investments to the profit for the period		-	-
Income tax effect		(256)	494
		<u>596</u>	<u>(1,153)</u>
(Loss) profit on hedging derivative financial instrument		(276)	773
Income tax effect		-	(486)
		<u>(276)</u>	<u>287</u>
<b>Other comprehensive income for the period, net of income tax effects</b>		320	(866)
<b>Total comprehensive income for the period</b>		<u>43,460</u>	<u>(1,084)</u>

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

## Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries

Interim combined statements of changes in equity  
As of September, 2014 and December 31, 2013

	Capital stock	Additional paid in capital	Capital premium	Unrealized results on financial instruments	Unrealized results on available for sale investments	Legal reserve	Retaining earnings	Total
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
<b>Balance as of January 1, 2013</b>	350,133	657,371	95,175	260	2,548	9,511	260,575	1,375,573
Profit for the period	-	-	-	-	-	-	(218)	(218)
Other Comprehensive income	-	-	-	287	(1,153)	-	-	(866)
<b>Total comprehensive income</b>	-	-	-	287	-	-	(218)	(1,084)
Capital contribution	6,248	-	27,727	-	-	-	-	33,975
Expenses related to the share issuance	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(60,000)	(60,000)
Movements in additional paid in capital	-	14,776	-	-	-	-	-	14,776
Others	-	-	-	-	-	5,678	(5,678)	-
<b>Balance as of September 30, 2013</b>	356,381	657,371	122,902	547	2,548	15,189	194,679	1,363,240
<b>Balance as of January 1, 2014</b>	360,789	687,749	142,470	276	719	15,279	188,268	1,395,550
Profit for the period	-	-	-	-	-	-	43,140	43,140
Other comprehensive income	-	-	-	(276)	596	-	-	320
	-	-	-	(276)	596	-	43,140	43,460
Capital contribution	8,817	-	39,132	-	-	-	-	47,949
Dividends	-	-	-	-	-	-	(85,000)	(85,000)
Movements in additional paid in capital	-	13,494	-	-	-	-	-	13,494
Others	-	-	-	-	-	950	(950)	-
<b>Balance as of September 30, 2014</b>	369,606	701,243	181,602	-	1,315	16,229	145,458	1,415,453

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

## Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries

Interim combined statements of cash flows

For the nine-month periods ended September 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
	S/.(000)	S/.(000)
<b>Operating activities</b>		
Net income (loss)	43,140	(218)
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Allowance for doubtful accounts receivable, net of recoveries	32	120
Depreciation of property, furniture and equipment	80,138	68,069
Amortization of intangible assets	7,345	4,985
Amortization of key money	698	601
Provision for inventory impairment, net of recoveries	3,713	1,080
Net cost of disposal of property, furniture and equipment and intangible assets	20,360	1,222
Deferred income	(2,915)	(2,921)
Finance cost	71,961	67,965
Deferred income tax	3,711	(7,593)
Net exchange difference	24,735	65,632
Others	2,299	(30,672)
<b>Working capital adjustments</b>		
Decrease in trade receivables	13,564	11,255
Increase (decrease) in other receivables	(7,510)	4,915
Increase in inventory	(37,233)	(128,513)
Increase (decrease) in prepayments	(2,755)	4,898
Increase in taxes recoverable	(45,143)	(29,208)
Increase (decrease) in trade payables	(100,536)	20,088
Increase in deferred income	8,193	337
Increase in accounts receivables and payables to related parties	(24,968)	(13,850)
Increase (decrease) in income tax payable	32,935	(22,842)
Increase (decrease) in other payables	(24,023)	4,929
<b>Net cash flows from operating activities</b>	<u>67,741</u>	<u>20,279</u>
<b>Investing activities</b>		
Sales of properties, furniture and equipment	38,747	723
Sales of fair value investment through profit and loss	-	141,552
Purchase of property, furniture and equipment, net of acquisitions through leasing contracts	(202,239)	(146,521)
Purchase and development of intangible assets	(10,793)	(21,241)
Loan collect to related parties	36,529	-
<b>Net cash flows used in investing activities</b>	<u>(137,756)</u>	<u>(25,487)</u>

## Interim combined statements of cash flows (continued)

	<b>2014</b>	<b>2013</b>
	S/.(000)	S/.(000)
<b>Financing activities</b>		
Proceeds from interest-bearing loans and borrowings	214,701	33,800
Capital contribution	47,950	33,975
Additional paid in capital	13,494	14,776
Payment of interest-bearing loans and borrowings	(35,712)	(43,278)
Interest payment	(49,362)	(50,977)
Payment of bonds payable	(121,119)	-
Dividends payment	(85,000)	(60,000)
<b>Net cash flows (used in) from financing activities</b>	<u>(15,048)</u>	<u>(71,704)</u>
Net (decrease) increase of cash and short-term deposits	<u>(85,063)</u>	<u>(76,912)</u>
<b>Cash and short-term deposits at the beginning of the period</b>	197,913	136,390
<b>Cash and short-term deposits at the end of the period</b>	<u>112,850</u>	<u>59,478</u>

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

## Notes to the combined financial statements

### Supermercados Peruanos S.A. and Subsidiaries and Eckerd Perú S.A. and Subsidiaries

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

As of September 30, 2014 (unaudited), December 31, 2013 (audited) and September 30, 2013 (unaudited)

#### 1. Identification and business activities

##### (a) Identification.-

On August 21, 2014, has been established The Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer (hereinafter "InRetail Consumer"), a Peruvian financial trust, was formed as a special purpose entity (SPE), for the purpose of issuing Senior Guaranteed Notes (see Note 2). This entity owns no assets other than substantially all of the common shares of Supermercados Peruanos S.A. and Eckerd Peru S.A.

Supermercados Peruanos S.A. and Eckerd Perú S.A. were incorporated in June 1979 and August 1996, respectively, in Lima, Peru. As of September 30, 2014 and December 31, 2013, those companies are subsidiaries of InRetail Perú Corp., which is part of the Intercorp Perú Corp., group of companies in Perú. As of those dates, 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 September 30, 2014, it owns a chain of 100 stores, composed of 59 hypermarkets that operate under the "Plaza Veá" brand, 37 supermarkets that operate under the "Vivanda", "Plaza Veá Super" and "Plaza Veá Express" brands, and 4 stores that operate under other legacy brands (55 hypermarkets, 37 supermarkets and 6 stores that operate under other legacy brands as of December 31, 2013). 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 aimed for health protection and recovery through its "InkaFarma" pharmacy chain. As of September 30, 2014 and December 31, 2013 it operates 787 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. These subsidiaries are dedicated to the commercialization of pharmaceutical and cosmetic products, food for medical use and other elements aimed for 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 September 30, 2014 and 2013, and for the nine-month periods ended:

	Supermercados Peruanos S.A. and Subsidiaries		Eckerd Perú S.A and Subsidiaries	
	As of September 30, 2014 S/.(000)	As of December 31, 2013 S/.(000)	As of September 30, 2014 S/.(000)	As of December 31, 2013 S/.(000)
<b>Combined statements of financial position</b>				
Total assets	2,422,395	2,330,223	708,850	707,737
Total liabilities	1,715,126	1,672,149	603,652	570,313
Equity	707,269	658,074	105,198	137,424
	Balance as of September 30, 2014 S/.(000)	Balance as of September 30, 2013 S/.(000)	Balance as of September 30, 2014 S/.(000)	Balance as of September 30, 2013 S/.(000)
<b>Combined income statements</b>				
Operating profit	75,922	69,027	117,282	98,692
Net profit (loss)	927	(13,495)	77,774	66,753

The combined financial statements as of September 30, 2014 were approved by management of InRetail Perú Corp. on November 13, 2014.

## 2. Summary of significant accounting policies

The significant accounting policies used in the preparation and presentation of the Company's 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 only for purposes of an offering memorandum of InRetail Consumer. in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed combined financial statements have been prepared on a historical cost basis, except for derivative financial instrument, available-for-sale investment 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 included 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, 2013.

## 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 of combined adjustments and intercompany eliminations is presented 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/.111,916,000.

## Notes to the combined financial statements

- (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 September 30, 2014 and December 31, 2013; see Note 12 (f). Likewise, interests payable related to this debt amount to approximately S/.12,603,000, as of September 30, 2014 (approximately S/. 4,188,000 as of December 31, 2013), and the accrued interests during the nine-month period ended at said date amount to approximately S/.24,245,000 (approximately S/.23,446,000 for the nine-month period ended September 30, 2013). Likewise, for the nine-month period ended September 30, 2014, this debt has generated a loss from exchange rate of S/.11,315,000 from this debt (loss for approximately S/.30,030,000 during the nine-month period ended September 30,2013).

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. to the date of its purchase. According to the Sale Agreement, if these taxes are recovered, must be returned to the 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/. 13,000,000 of such taxes and, in Management opinion, these will be returned to its former shareholders in the fourth quarter of 2014.

- (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, 2013, except for the adoption of the new standards and interpretations as of January 1, 2014 noted below, which did not have any impact on the accounting policies, financial position or performance of the Companies:

The nature and impact of each new standard or amendment is described below:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)  
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Companies, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.
  
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32  
These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Companies.

## Notes to the combined financial statements

- Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide criteria to discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Companies.

- IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. The adoption of IFRIC 21 did not have a significant impact on the interim condensed combined financial statements of the Companies.

The companies have not yet early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- (d) Seasonality of operations

As is indicated in Note 1(b), the Companies are organized into the supermarket and drugstore segments. Due to the seasonal nature of these segments, higher revenues and operating profits are usually expected in the second half of the year rather than the first six months. Higher sales during the period from July to August are mainly attributed to the increase consumer's purchasing power in Peru for legal and other bonuses to the workers, as well as in December, due to increased demand for retail products during the peak Christmas season. This information is provided to allow for a proper appreciation of the results; however, Management has concluded that these results are not highly seasonal as defined in IAS 34 "Interim Financial Reporting".

### 3. Cash and short-term deposits

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

	<b>As of September 30, 2014</b>	<b>As of December 31, 2013</b>
	S/.(000)	S/.(000)
Cash	13,288	12,583
Current accounts (b )	53,916	52,830
Time deposits (c)	41,513	132,500
Other	4,133	-
<b>Total</b>	<b>112,850</b>	<b>197,913</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.

## Notes to the combined financial statements

- (c) As of September 30, 2014, 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 of 3.70 percent. As of December 31, 2013, this amount corresponded to time deposits freely available in Nuevos Soles in local financial institutions that generated interest between 3.00 and 4.40 annual percent and matured between 1 and 3 months since inception.

### 4. Trade receivables, net

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

	As of September 30, 2014 S/.(000)	As of December 31, 2013 S/.(000)
Trade accounts receivable (c)	23,199	32,228
Credit card operations (d)	15,054	21,766
Rent receivable (e)	7,098	6,386
Others	1,778	313
<b>Total</b>	<b>47,129</b>	<b>60,693</b>
Provision for doubtful accounts (f)	(2,050)	(2,018)
	<b>45,079</b>	<b>58,675</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.
- (e) Corresponds to accounts receivable for the lease of commercial premises to concession holders inside the stores of Supermercados Peruanos S.A.

## Notes to the combined financial statements

- (f) The movements in the provision for doubtful accounts receivable for the nine-month periods ended of September 30, 2014 and 2013, were as follows:

	<b>2014</b>	<b>2013</b>
	S/.(000)	S/.(000)
<b>Balance at the beginning of the year</b>	2,018	1,230
Provision recognized as year expense, Note 16 (a)	32	120
Write offs and recovery's	-	-
Exchange foreign currency	-	-
<b>Balance at the end of the period</b>	<u>2,050</u>	<u>1,350</u>

As of September 30, 2014 and December 31, 2013, the amount of trade receivables past due but not impaired amounted to approximately S/. 16,353,000 and S/.26,079,000, respectively.

The overdue items which has a payment agreement by the customer, is not considered impaired.

In the opinion of Management, the provision for doubtful accounts receivable as of September 30, 2014 and December 31, 2013 appropriately covers the credit risk of this item at said dates.

### 5. Inventories, net

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

	<b>As of September 30, 2014</b>	<b>As of December 31, 2013</b>
	S/.(000)	S/.(000)
Goods	776,920	774,040
In transit inventories (b)	31,871	6,410
Miscellaneous supplies	<u>10,905</u>	<u>10,539</u>
<b>Total</b>	819,696	790,989
<b>Minus</b>		
Provision for impairment of inventories (c)	(7,188)	(12,001)
<b>Total</b>	<u>812,508</u>	<u>778,988</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 nine-month periods ended as of September 30, 2014 were as follows:

	<b>2014</b> S/.(000)	<b>2013</b> S/.(000)
Balance at the beginning of the year	12,001	6,797
Provision of the period, Note 16(a)	3,713	1,080
Write-off/recovery	(8,526)	(4,069)
<b>Balance at the end of the period</b>	<u>7,188</u>	<u>3,808</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 period evaluations performed by the Management.

### 6. Available-for-sale investment

As of September 30, 2014 and December 31, 2013, available for sale investment corresponds to notes of the issuance made abroad describe in Note 12(f). Unrealized gain, net of deferred taxes, from notes maintained for the nine-month period ended September 30, 2014, amounted to approximately S/.596,000 (unrealized loss, net deferred taxes for approximately S/1,153,000 for the nine-month period ended September 30, 2013).

### 7. Prepayments

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

	<b>As of September 30, 2014</b> S/.(000)	<b>As of December 31, 2013</b> S/.(000)
Key money	19,264	18,469
Prepaid rent	8,882	10,394
Insurance	865	5,342
Others	<u>11,394</u>	<u>3,347</u>
<b>Total</b>	40,405	37,552
Current	20,276	18,194
Non.current	<u>20,129</u>	<u>19,358</u>
<b>Total</b>	<u>40,405</u>	<u>37,552</u>

## Notes to the combined financial statements

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

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

	As of September 30, 2014	As of December 31, 2013
	S/.(000)	S/.(000)
<b>Cost</b>		
<b>Initial balance</b>	2,328,635	2,003,924
Additions ( b )	195,347	341,203
Disposals and/or sales ( c )	(38,747)	(15,832)
Transfer to Investment properties	-	(660)
<b>Final balance</b>	<u>2,485,235</u>	<u>2,328,635</u>
<b>Accumulated depreciation</b>		
<b>Initial balance</b>	590,771	508,808
Additions ( d )	80,138	95,202
Disposals and/or sales	(14,561)	(13,223)
Transfer to Investment properties	(455)	(16)
<b>Final balance</b>	<u>655,893</u>	<u>590,771</u>
<b>Net book value</b>	<u>1,829,342</u>	<u>1,737,864</u>

- (b) Additions for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 correspond mainly to the construction of and equipment for the new premises for 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 had been included in the "Other operating income" or "Other operating expenses" caption of the combined income statement, respectively.
- (d) As of September 30, 2014, the cost and corresponding accumulated depreciation of assets acquired through finance leases was approximately S/.416,689,000 and S/.62,270,000 respectively (S/.383,939,000 and S/.44,631,000 respectively, as of December 31,2013).
- (e) The Companies maintain insurance policies on their main assets in accordance with policies established by Management.



## Notes to the combined financial statements

### 9. Investment properties

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

	As of September 30, 2014 S/. (000)	As of December 31, 2013 S/. (000)
Cost of buildings	19,567	19,558
Less: Accumulated depreciation	1,714	1,329
	17,853	18,229

- (b) As of September 30, 2014 and December 31, 2013, investment properties include three properties located in Lima, Tacna and Puno held to earn income. As indicated in note 8, during 2013 approximately S/.660,000 was transferred from the caption "Property, furniture and equipment" to this caption as a consequence of work on these properties.
- (c) In Management's opinion, the book value of investment properties as of September 30, 2014 and December 30, 2013 is not significantly different from its corresponding fair value since these properties were acquired, completed or implemented during 2014 and 2013.
- (d) As of September 30, 2014 and 2013, Management of the Companies performed an evaluation of their investment properties, and has not found any indication of impairment.

### 10. Intangible assets, net

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

	As of September 30, 2014 S/.(000)	As of December 31, 2013 S/.(000)
<b>Cost</b>		
<b>Initial balance</b>	1,222,602	1,195,622
Additions (c)	10,792	29,587
Disposal and/or sales	(8,036)	(2,607)
<b>Final balance</b>	1,225,358	1,222,602
<b>Accumulated amortization</b>		
<b>Initial balance</b>	52,288	44,014
Additions (d)	7,345	8,287
Disposals and/or sales	(8,036)	(13)
<b>Final Balance</b>	51,597	52,288
<b>Net, book value</b>	1,173,761	1,170,314

## Notes to the combined financial statements

- (b) As of September 30, 2014 and December 31, 2013, 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 relief 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.

### 11. Trade payables

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

	As of September 30, 2014	As of December 31, 2013
	S/.(000)	S/.(000)
Bills payable for purchase of goods	1,042,770	1,151,112
Bill payable for commercial services	112,359	104,552
<b>Total</b>	<u>1,155,129</u>	<u>1,255,664</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 to their supplier’s 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 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

### 12. 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)
<b>Subordinated bonds (b)</b>											
Issued for the restructuring of the financial position											
1st Issuance	USD	7.50	2014	12,000	-	-	33,552	-	33,552	-	-
2nd Issuance	USD	8.04	2014	7,005	-	-	19,586	-	19,586	-	-
3rd Issuance	PEN	8.49	2014	-	21,540	-	21,540	-	21,540	-	-
				<u>19,005</u>	<u>21,540</u>	<u>-</u>	<u>74,678</u>	<u>-</u>	<u>74,678</u>	<u>-</u>	<u>-</u>
<b>Corporate bonds (c) (d)</b>											
1st Issuance	PEN	6.70	2016	-	28,437	-	12,187	-	4,062	-	8,125
2nd Issuance	PEN	7.75	2019	-	57,090	-	34,254	-	5,709	-	28,545
				<u>-</u>	<u>85,527</u>	<u>-</u>	<u>46,441</u>	<u>-</u>	<u>9,771</u>	<u>-</u>	<u>36,670</u>
<b>Leasings (e)</b>											
<b>Related entities</b>											
Banco Internacional del Perú-Interbank	PEN	7.85	2014	-	28,355	27,035	25,153	4,716	13,072	22,319	12,081
Banco Internacional del Perú-Interbank	PEN	Between 6.85 and 11.43	2019	-	145,277	86,210	99,152	25,288	23,366	60,922	75,786
<b>Non-related entities</b>											
Hewlett Packard S.A.	USD	2.93	2017	3,678	-	11,146	7,485	3,994	2,499	7,152	4,986
IBM Perú SAC	USD	2.93	2016	664	-	1,136	1,724	745	839	391	885
Banco de Crédito del Perú	PEN	Between 6.59 and 7.76	2018	-	17,424	44,409	47,367	8,531	3,035	35,878	44,332
BBVA Banco Continental	PEN	Between 5.96 and 10.85	2018	-	69,850	21,540	32,326	7,076	12,509	14,464	19,817
BBVA Banco Continental	USD / PEN	7.00	2017	4,658	9,244	1,175	2,035	818	1,123	357	912
Banco Interamericano de Finanzas	PEN	8.35	2014	-	6,628	-	512	-	512	-	-
Banco Scotiabank	PEN	7.79	2018	-	21,864	31,658	19,122	5,720	3,040	25,938	16,082
Banco Scotiabank	USD	4.70	2014	264	-	-	2	-	2	-	-
				<u>9,264</u>	<u>298,642</u>	<u>224,309</u>	<u>234,878</u>	<u>56,888</u>	<u>59,997</u>	<u>167,421</u>	<u>174,881</u>

## Notes to the combined financial statements

Type Obligation	Original currency	Interest rate %	Maturity final	Original amount		Total		Corriente		No corriente	
				US\$ (000)	S/(000)	2014	2013	2014	2013	2014	2013
				S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Foreing loans</b>											
Intercorp Retail Trust (f)	USD	10.134	2018	130,000	-	364,831	351,181	-	-	364,831	351,181
Bank of America (f)	USD	10.134	2018	140,000	-	388,366	372,870	-	-	388,366	372,870
				<u>270,000</u>	<u>-</u>	<u>753,197</u>	<u>724,051</u>	<u>-</u>	<u>-</u>	<u>753,197</u>	<u>724,051</u>
<b>Promissory notes and loans (e)</b>											
<b>Non-related entities</b>											
Banco Scotiabank	PEN	5.05	2014	-	13,900	-	-	-	-	-	-
BBVA Banco Continental	PEN	4.95	2014	-	8,000	-	-	-	-	-	-
Banco Interamericano de Finanzas	PEN	Between 4.94 and 5.02	2014	-	8,265	8,265	-	8,265	-	-	-
BBVA Banco Continental	PEN	4.94	2014	-	29,100	29,100	-	29,100	-	-	-
Banco de Crédito del Perú	PEN	5.53	2014	-	42,000	42,000	-	42,000	-	-	-
Banco Scotiabank	PEN	7.80	2021	-	80,000	80,000	-	11,428	-	68,572	-
Banco Citibank	PEN	5.20	2014	-	12,000	12,000	-	12,000	-	-	-
				<u>-</u>	<u>193,265</u>	<u>171,365</u>	<u>-</u>	<u>102,793</u>	<u>-</u>	<u>68,572</u>	<u>-</u>
<b>Obligations to third parties (g)</b>											
Hewlett Packard S.A.	USD	Between 2.23 and 8.00	2014	11,549	-	16,537	11,465	5,881	5,129	10,656	6,336
IBM Perú SAC	USD	8.00	2015	6,441	-	2,181	3,526	1,456	1,828	725	1,698
				<u>17,990</u>	<u>-</u>	<u>18,718</u>	<u>14,991</u>	<u>7,337</u>	<u>6,957</u>	<u>11,381</u>	<u>8,034</u>
<b>Total</b>				<u><b>316,259</b></u>	<u><b>598,974</b></u>	<u><b>1,167,589</b></u>	<u><b>1,095,039</b></u>	<u><b>167,018</b></u>	<u><b>151,403</b></u>	<u><b>1,000,571</b></u>	<u><b>943,636</b></u>

- (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 of Supermercados Peruanos S.A., up to a maximum of US\$30,000,000 or its equivalent in Nuevos Soles.

During 2007, Supermercados Peruanos S.A. conducted 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. The principal amounts of this issuances was paid at maturity on July 2014.

## Notes to the combined financial statements

- (c) As of December 31, 2013, Supermercados Peruanos S.A. had outstanding corporate bonds for S/.46,441,000, which accrued annual interest rates that fluctuated between 6.70 and 7.75 percent, and whose maturities were between 2015 and 2019. As of September 30, 2014, these bonds were paid fully.
- (d) During the nine-month periods ended September 30, 2014 and 2013, these bonds issued accrued interest which is recorded in the "Financial costs" caption of the combined income statements. Also, as of September 30, 2014 and December 31, 2013, there is a balance of interest payable which is recorded in the "Other payables" caption of the combined statements of financial position.
- (e) 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 8. Such obligations do not have any special conditions that must be complied with covenants or restrictions affecting the operations of the Companies.
- (f) In November 2011, Intercorp Retail Inc. issued through Intercorp Retail Trust, a financial trust incorporated in the Cayman Island with the purpose of performing this issuance, an offering of US\$300,000,000 in Senior Guaranteed Notes due in November 2018 at an 8.875 percent nominal annual interest rate. From this issuance, US\$270,000,000 was channeled to InRetail Perú Corp. through a promissory note in favor of Intercorp Retail Trust subscribed by InRetail Perú Corp. 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/.780,840,000 and S/.754,920,000 as of September 30, 2014 and December 31, 2013, respectively), which accrue interests at an 8.875 percent nominal annual interest 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 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 Perú S.A., promissory notes and commercial premises for its Subsidiaries.

Said financial obligations are presented net of the aforementioned initial charges and the guarantee deposit. The combined net balance of these borrowing as of September 30, 2013 and December 31, 2013, amounted to S/.753,197,000 and S/.724,051,000; respectively.

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

## Notes to the combined financial statements

Intercorp Retail Inc. and those Subsidiaries that guarantee these loans must comply, until the maturity and cancellation of the notes, with certain obligations and restrictive clauses that require compliance with financial ratios for the incurrence of additional debt, the use and application of funds, conditions on dividends distribution and other administrative matters. The main financial ratios required are as follows:

- At the level of the subsidiaries that guarantee these loans:
  - (i) Financial debt / Adjusted EBITDA ratio: Not higher than 4.5 times for 2012 and not higher than 3.5 times starting in November, 2013.
  - (ii) Adjusted EBITDA / Financial costs ratio: Not lower than 2.5 times.
- 
- At the Intercorp Retail Inc. level, shareholder of the Company:
  - (i) Financial debt / (Financial debt + equity) ratio: Not higher than 65 percent.
  - (ii) Operating cash flow / Financial costs: Not lower than 2.0 times.

In opinion of Management of the InRetail Group, these clauses do not limit their operations and have been complied with as of September 30, 2014 and December 31, 2013.

- (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 September 30, 2014</b>	<b>As of December 31, 2013</b>
	S/.(000)	S/.(000)
2013	-	66,954
2014	181,265	142,433
2015	28,820	110,977
2016 onwards	957,504	774,675
<b>Total</b>	<b>1,167,589</b>	<b>1,095,039</b>

## Notes to the combined financial statements

### 13. Deferred income tax

- (a) The amounts presented in the statement of financial position as of September 30, 2014 and December 31, 2013, as well as the statements of comprehensive income for the nine-month period ended September 30, 2014 and the year 2013 are shown below:

Statements of financial position	Deferred liability, net	
	As of September 30, 2014 S/. (000)	As of December 31, 2013 S/.(000)
Deferred income tax asset	48,961	42,609
Deferred income tax liability	<u>(187,007)</u>	<u>(175,990)</u>
Deferred income tax liability, net	<u>(138,046)</u>	<u>(133,381)</u>
Statements of comprehensive income	Income tax for the nine-month periods ended September 30, 2014 and 2013	
	2014 S/. (000)	2013 S/.(000)
Current	(39,076)	(33,356)
Deferred	<u>(3,711)</u>	<u>7,593</u>
	<u>(42,787)</u>	<u>(25,763)</u>

- (b) As of September 30, 2014 and December 31, 2013 the income credit tax, net of provision for current income tax payable, amounts to approximately S/.32,935,000 and S/.390,000, respectively.

## Notes to the combined financial statements

### 14. Equity

#### (a) Capital stock –

Company	N° issued common shares		Nominal value	Accounting balance of issued capital	
	As of September 30, 2014	As of December 31, 2013		As of September 30, 2014	As of December 31, 2013
				S/. (000)	S/. (000)
Supermercados Peruanos S.A. and Subsidiarias (*)	320,332,671	320,332,671	1.05	345,167	336,349
Eckerd Perú S.A. y subsidiarias	13,783,428	13,783,428	1.00	13,784	13,784

(\*) From May to September 2014, a cash contribution by InRetail Peru Corp. (shareholder of this Company) was approved, for a total of approximately S/.47,950,000. Consequently, an increase in capital for approximately S/.8,818,000 and a capital premium of approximately S/.39,132,000 were recorded. At the date of this report is pending the issuance of 8,397,547 new shares in relation to this cash contribution.

Between August and December 2013, the company received capital contribution by approximately S/.57,950,000. Consequently, an increase in capital for approximately S/.10,655,000 and a capital premium of approximately S/.47,295,000 were recorded. At the date of this report is pending the issuance of 10,148,861 new shares in relation to this cash.

#### (b) Additional paid-in capital –

As of September 30, 2014 and December 31, 2013, 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 2(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 on June 2014 agreed to distribute dividends from profits available of S/.85,000,000, which were paid during the nine month of the year. (S/.60,000,000, during the nine months periods and was paid in full in 2013).

### 15. 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 September 30, 2014 and December 31, 2013, the statutory Income Tax rate was 30 percent on taxable income.

(b) Law No. 29663, later amended by Law No. 29757, which are considered established Peruvian source income to those obtained by the indirect sale of shares representing the capital of companies domiciled in the country.

To this end, consider an indirect sale occurs when shares or shares representing the capital of a legal person not domiciled in the country which, in turn, owns are sold – directly or through one or more other legal persons – shares representing the capital or of one or more legal persons domiciled in the country, provided certain conditions established by law occur. In this regard, it also defines the circumstances under which the issuer is jointly liable.

(c) 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. As of August 2012, has eliminated the application of transfer pricing rules for purposes only of value Added Tax. 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 Companies as of September 30, 2014 and December 31, 2013.

(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 has been submitted.

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

	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

## Notes to the combined financial statements

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 September 30, 2014 and December 31, 2013.

### 16. Operating expenses

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

	<b>2014</b>	<b>2013</b>
	S/.(000)	S/.(000)
Cost of sales	3,040,342	2,712,684
Selling expenses	871,494	750,708
Administrative expenses	<u>107,625</u>	<u>102,129</u>
	<u>4,019,461</u>	<u>3,565,521</u>

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

	<b>2014</b>			
	<b>Cost of sales</b>	<b>Selling expenses</b>	<b>Administrative expenses</b>	<b>Total</b>
	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Initial balance of goods	774,024	-	-	774,024
Purchase of goods	3,039,525	-	-	3,039,525
Final balance of goods, Note 5(a)	(776,920)	-	-	(776,920)
Impairment of inventories note 5 (c)	3,713	-	-	3,713
Packing and packaging	-	22,724	161	22,885
Personnel expenses	-	344,136	60,341	404,477
Depreciation, Note 8(a)	-	70,404	9,734	80,138
Amortization, Note 10(a)	-	4,321	3,024	7,345
Key money amortization	-	698	-	698
Services provided by third parties (b)	-	134,496	17,726	152,222
Advertising	-	58,628	-	58,628
Rental of premises	-	104,595	5,560	110,155
Taxes	-	17,881	2,046	19,927
Provision for doubtful trade receivables, Note 4(f)	-	32	-	32
Provision for doubtful other account receivables,	-	1	-	1
Insurance	-	6,825	391	7,216
Other charges (c)	-	<u>106,753</u>	<u>8,642</u>	<u>115,395</u>
	<u>3,040,342</u>	<u>871,494</u>	<u>107,625</u>	<u>4,019,461</u>

## Notes to the combined financial statements

	2013			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Initial balance of goods,	594,760	-	-	594,760
Purchase of merchandise	2,824,779	-	-	2,824,779
Final balance of goods	(707,935)	-	-	(707,935)
Impairment of inventories,	1,080	-	-	1,080
Packing and packaging	-	26,205	1,052	27,257
Personnel expenses	-	299,454	55,307	354,761
Depreciation, Note 8(a)	-	56,945	11,124	68,069
Amortization, Note 10(a)	-	2,924	2,061	4,985
Key money amortizacion	-	601	-	601
Services provided by third parties (b)	-	109,094	19,888	128,982
Advertising	-	55,561	-	55,561
Rental of premises	-	86,258	6,083	92,341
Taxes	-	15,478	739	16,217
Provision for doubtful trade receivables, Note 4(f)	-	120	-	120
Insurance	-	5,810	375	6,185
Other charges (c)	-	92,258	5,500	97,758
	<u>2,712,684</u>	<u>750,708</u>	<u>102,129</u>	<u>3,565,521</u>

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

(c) Mainly include general expenses in stores.

### 17. Finance costs

The table below presents the components of this caption:

	Balance as of September 30, 2014 S/. (000)	Balance as of September 30, 2013 S/. (000)
<b>Finance income</b>		
Interest and others	3,477	6,437
	<u>3,477</u>	<u>6,437</u>
<b>Finance cost</b>		
Interest on loans, borrowing and bonds payable	71,761	67,965
Interest from derivate instruments	1,227	2,454
Others financial cost	11,366	9,150
	<u>84,354</u>	<u>79,569</u>

## Notes to the combined financial statements

### 18. Transactions with related parties

- (a) The following table provides the total amount of transactions with related parties for the relevant financial periods 2014 and 2013:

	<b>2014</b> S/.(000)	<b>2013</b> S/.(000)
<b>Income</b>		
Sales	3,089	5,708
Rental income	9,184	6,188
Rendering of services	17,668	32,872
Others	5,360	16,048
	<u>35,301</u>	<u>60,816</u>
<b>Expenses</b>		
Renting of premises and land	24,021	19,007
Reimbursements of expenses	776	319
Commissions	179	290
Other services	7,772	2,957
Interest	6,737	4,337
Others	8,673	12,115
	<u>48,158</u>	<u>39,025</u>

- (b) As a result of the transactions with related companies, the Companies recorded the following balances of receivables and payables as of September 30, 2014 and December 31, 2013:

	<b>As of September 30, 2014</b> S/.(000)	<b>As of December 31, 2013</b> S/.(000)
<b>Receivables</b>		
Home Centers Peruanos S.A	4,681	976
Financiera Uno	4,416	7,983
Banco Internacional del Perú S.A.A. – Interbank	4,402	6,535
Tiendas Peruanas S.A.	2,532	1,494
Bembos	974	1,299
Cineplex S.A.	270	800
Urbi	183	-
Others	5,536	3,855
	<u>22,994</u>	<u>22,942</u>

## Notes to the combined financial statements

	As of September 30, 2014	As of December 31, 2013
	S/.(000)	S/.(000)
<b>Payables</b>		
Interproporties Holding (g)	29,714	-
Inretail Shopping Mall (e )	21,900	-
Financiera Uno	19,279	9,021
Intercorp Retail Inc.	11,985	13,245
Banco Internacional del Perú S.A.A. – Interbank:		
Líneas de crédito y otros	335	1,214
Depósitos en garantía (f)	4,035	3,642
Horizonte Global Opportunities Perú S.A.	443	554
Cineplex S.A.	35	32
Others	1,699	6,499
	<u>89,425</u>	<u>34,207</u>
Remunerations payable to key management	-	121
	<u>89,425</u>	<u>34,328</u>
Current portion	85,390	30,686
Non-current portion	4,035	3,642
<b>Total</b>	<u>89,425</u>	<u>34,328</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 September 30, 2014 and December 31, 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.
- (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". Said contract established that Financiera Uno S.A. would pay Supermercados Peruanos S.A. an amount of S/30,000,000 plus VAT, in order that Financiera Uno S.A. can exclusively operate its "Oh!" credit card in the Supermercados Peruanos stores, instead of the "Vea" credit card of Banco Internacional del Perú S.A.A. – Interbank, which was operating until that moment. Said amount was entirely collected by Supermercados Peruanos S.A. during 2013.

Likewise, as a consequence of such contract, as of September 30, 2014 and December 31, 2013, Supermercados Peruanos S.A. holds accounts payable to Financiera Uno S.A. for approximately 19,279,000 and S/9,021,000 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.

## Notes to the combined financial statements

- (e) As of September 30, 2014, including the loan maintains Eckerd Peru SA with InRetail Shopping Mall, which accrued an annual interest rate of 5 percent and is current maturity.
- (f) 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 September 30, 2014 and 2013, 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/.4,035,000 and S/.3,642,000 respectively, as of September 30, 2014 and December 31, 2013, and is accounted for in the “Other Payable” in the Combined statement of financial position.

In relation to said contracts, during 2014 Supermercados Peruanos S.A. recognized accrued rental income that amounted to approximately S/.2,413,000, equivalent to US\$804,000 (S/.2,633,000, equivalent to US\$877,000, during 2013), which are recorded in the “Rental income” caption in the Combined income statements.

As of September 31, 2013, Supermercados Peruanos S.A. maintains deferred revenue that amounts to approximately S/.7,406,000 (S/.9,407,000 as of December 31, 2013) which will be recognized as income in upcoming periods.

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

### 19. Deferred revenue

The table below presents the components of this caption:

	As of September 30, 2014 S/.(000)	As of December 31, 2013 S/.(000)
leases to financial modules	7,407	7,128
Other leases	11,504	5,854
<b>Total</b>	<b>18,911</b>	<b>12,982</b>
Current portion	3,825	3,550
Non-current portion	15,086	9,432
<b>Total</b>	<b>18,911</b>	<b>12,982</b>

## Notes to the combined financial statements

### 20. Commitments and contingencies

#### Commitments –

The main commitments assumed are presented below:

- (a) As of September 30, 2014 and 2013, 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 2043, calculated on the basis of the fixed rental amounts, were disclosed in the annual financial statements for the year ended as of December 31, 2013.
- (b) As of September 30, 2014, the Companies agreed with several financial entities on the issuance of jointly by and severally irrevocable letters of guarantee for compliance with the payment for purchase of goods to foreign suppliers.
- (c) During 2011, Intercorp Retail Inc. issued and US\$300,000,000 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 September 30, 2014 and December 31, 2013.
- (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 September 30, 2014 and December 31, 2013, Eckerd Perú S.A. holds liabilities with this supplier for approximately S/.5,000,000; and in its opinion de Eckerd Perú S.A., it would be the maximum amount it would pay.
- (c) Supermercados Peruanos S.A. has been examined by the Tax Authority on its Income Tax returns and its monthly Value Added Tax returns for the years 2004, 2005, 2006, 2007 and 2008. Said examinations resulted in Resolutions generating higher taxes, fines and interests for an approximate total of S/.5,102,000, S/.9,542,000, S/.19,144,000, S/.25,383,000, and S/.39,456,000 respectively. Likewise, during 2014 the Tax Authority examined Income Tax returns and its returns Value Added Tax of the Company for the year 2009. To the date of this report is still in examination. As of September 30, 2014 and December 31, 2013, Supermercados Peruanos S.A. has appeals said Resolutions.

## Notes to the combined financial statements

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 September 30, 2014 and December 31, 2013, respectively.

### **21. 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 nine-month periods ended September 30, 2014 and 2013:

	Supermarkets S/.(000)	Pharmacies S/.(000)	Total segments S/.(000)	Holding accounts, consolidation adjustments and intercompany eliminations S/.(000)	Combined S/.(000)
<b>For the nine-month periods ended September 30, 2014</b>					
<b>Revenue</b>					
External income	2,654,849	1,544,701	4,199,550	-	4,199,550
Inter-segment	7,503	9	7,512	(7,512)	-
<b>Total revenue</b>	<u>2,662,352</u>	<u>1,544,710</u>	<u>4,207,062</u>	<u>(7,512)</u>	<u>4,199,550</u>
Cost of sales	<u>(1,981,911)</u>	<u>(1,058,431)</u>	<u>(3,040,342)</u>	<u>-</u>	<u>(3,040,342)</u>
<b>Gross profit</b>	680,441	486,279	1,166,720	(7,512)	1,159,208
Other operating income	32,826	659	33,485	-	33,485
Selling expenses	(550,307)	(328,699)	(879,006)	7,512	(871,494)
Administrative expenses	(66,673)	(40,951)	(107,624)	(1)	(107,625)
Other operating expenses	<u>(20,365)</u>	<u>(6)</u>	<u>(20,371)</u>	<u>-</u>	<u>(20,371)</u>
<b>Operating profit</b>	75,922	117,282	193,204	(1)	193,203
Net, Exchange difference	(14,296)	(788)	(15,084)	(11,315)	(26,399)
Finance income	3,099	378	3,477	-	3,477
Finance costs	<u>(56,730)</u>	<u>(3,379)</u>	<u>(60,109)</u>	<u>(24,245)</u>	<u>(84,354)</u>
<b>Profit before income tax</b>	7,995	113,493	121,488	(35,561)	85,927
Income tax expense	<u>(7,068)</u>	<u>(35,719)</u>	<u>(42,787)</u>	<u>-</u>	<u>(42,787)</u>
<b>Profit for the year</b>	<u>927</u>	<u>77,774</u>	<u>78,701</u>	<u>(35,561)</u>	<u>43,140</u>
<b>Attributable to:</b>					

## Notes to the combined financial statements

	Supermarkets S/.(000)	Pharmacies S/.(000)	Total segments S/.(000)	Holding accounts, consolidation adjustments and intercompany eliminations S/.(000)	Consolidated S/.(000)
<b>For the nine-month periods ended September 30, 2013</b>					
<b>Revenue</b>					
External income	2,367,832	1,336,057	3,703,889	-	3,703,889
Inter-segment	7,846	8	7,854	(7,854)	-
<b>Total revenue</b>	<b>2,375,678</b>	<b>1,336,065</b>	<b>3,711,743</b>	<b>(7,854)</b>	<b>3,703,889</b>
Cost of sales	(1,781,179)	(931,505)	(2,712,684)	-	(2,712,684)
<b>Gross profit</b>	<b>594,499</b>	<b>404,560</b>	<b>999,059</b>	<b>(7,854)</b>	<b>991,205</b>
Other operating income	30,326	278	30,604	-	30,604
Selling expenses	(488,633)	(268,698)	(757,331)	6,623	(750,708)
Administrative expenses	(65,912)	(37,448)	(103,360)	1,231	(102,129)
Other operating expenses	(1,253)	-	(1,253)	-	(1,253)
<b>Operating profit</b>	<b>69,027</b>	<b>98,692</b>	<b>167,719</b>	<b>-</b>	<b>167,719</b>
Net, exchange difference	(37,720)	(1,292)	(39,012)	(30,030)	(69,042)
Finance income	5,016	1,421	6,437	-	6,437
Finance costs	(53,931)	(2,192)	(56,123)	(23,446)	(79,569)
<b>Profit before income tax</b>	<b>(17,608)</b>	<b>96,629</b>	<b>79,021</b>	<b>(53,476)</b>	<b>25,545</b>
Income tax expense	4,113	(29,876)	(25,763)	-	(25,763)
<b>Profit for the year</b>	<b>(13,495)</b>	<b>66,753</b>	<b>53,258</b>	<b>(53,476)</b>	<b>(218)</b>

## Notes to the combined financial statements

### Geographic information –

As of September 30, 2014 and December 31, 2013, 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.

### 22. 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 years 2014 and 2013. 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.

### 23. Subsequent event

On October 6, 2014, InRetail Consumer, successfully completed the process of private tender offer (Tender Offer) of bonds issued and placed in 2011 by Intercorp Retail Trust "8.875% Senior Guaranteed Notes due 2018" (see note 7) , achieving an acceptance of the offer to purchase approximately 92.43 percent of the bonds issued.

On October 10, 2014, InRetail Consumer issued, a private offering of \$ 300,000,000 of senior unsecured notes, maturing in October 2021, at a nominal rate of 5.25 percent, being the effective rate 5.375 percent after considering the initial discount. This offer private and positioned in the international market is guaranteed by Supermercados Peruanos S.A. and Eckerd Perú S.A.

## Notes to the combined financial statements

The funds from the bond issue were used to (i) pay for the purchase of bonds "8.875% Senior Guaranteed Notes due 2018" Tender Offer acquired by the above and (ii) the balance for general corporate purposes.

Also, in October 2014, InRetail Consumer culminated the process of placing its private offering of S/.250,000,000 of senior unsecured notes, maturing in October 2021, at a nominal rate of 6.8125 percent. This offer private and positioned in the international market is guarantee by Supermercados Peruanos S.A. and Eckerd Perú S.A.

The proceeds of such financing will be used to restructure debt and payment of fees and expenses related to that issue.