

**InRetail Perú Corp. and Subsidiaries**

Interim consolidated financial statements as of September 30, 2013 (unaudited) and December 31, 2012 (audited) and for the nine-month periods ended September 30, 2013 and 2012

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## InRetail Perú Corp. and subsidiaries

### Interim consolidated statement of financial position

As of September 30, 2013 (unaudited) and December 31, 2012 (audited)

	Note	2013	2012		Note	2013	2012
		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	5	152,925	541,864	Trade payables	13	1,049,081	1,035,307
Investments at fair value through profit or loss	6	153,965	555,023	Other payables		190,712	162,642
Trade receivables, net	7	61,083	72,313	Accounts payable to related parties	20(b )	29,835	33,828
Other receivables, net		34,416	35,459	Current income tax	15(b )	2,280	25,122
Accounts receivables from related parties	20 (b)	139,152	104,477	Interest-bearing loans and borrowings	14	198,051	83,709
Inventories, net	8	729,395	601,962	Deferred revenue		3,416	2,989
Available-for-sale investment	9	40,257	28,319	<b>Total current liabilities</b>		<u>1,473,375</u>	<u>1,343,597</u>
Prepayments		32,375	30,942	Accounts payable to related parties	20(b )	3,624	3,157
Taxes recoverable		121,544	48,456	Interest-bearing loans and borrowings	14	1,503,792	1,583,839
<b>Total current assets</b>		<u>1,465,112</u>	<u>2,018,815</u>	Derivative financial instrument		2,604	4,995
<b>Non-current assets</b>				Deferred revenue		27,910	20,908
Other receivables, net		6,928	7,430	Deferred income tax liabilities, net	15	187,695	193,258
Prepayments		17,655	17,641	<b>Total non-current liabilities</b>		<u>1,725,625</u>	<u>1,806,157</u>
Property, furniture and equipment, net	10	1,928,855	1,763,538	<b>Total liabilities</b>		<u>3,199,000</u>	<u>3,149,754</u>
Investment properties	11	1,516,734	1,104,261	<b>Equity</b>			
Intangible assets, net	12	1,156,826	1,136,720	Capital stock	16	2,138,566	2,138,566
Other assets		373	1,970	Additional paid in capital		549,897	551,209
<b>Total non-current assets</b>		<u>4,627,371</u>	<u>4,031,560</u>	Unrealized results on financial instruments		(1,966)	374
				Retained earnings		206,871	210,353
				<b>Equity attributable to owners of the parent</b>		<u>2,893,368</u>	<u>2,900,502</u>
				Non-controlling interests		115	119
				<b>Total equity</b>		<u>2,893,483</u>	<u>2,900,621</u>
<b>Total assets</b>		<u>6,092,483</u>	<u>6,050,375</u>	<b>Total liabilities and equity</b>		<u>6,092,483</u>	<u>6,050,375</u>

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

## InRetail Perú Corp. and Subsidiaries

### Interim consolidated Income statement

For the nine-month periods ended September 30, 2013 and 2012

	Note	2013 S/.(000)	2012 S/.(000)
Net sales of goods		3,658,711	3,367,011
Rental income		97,520	85,037
Rendering of services		74,690	33,389
<b>Revenue</b>		<u>3,830,921</u>	<u>3,485,437</u>
Cost of sales	18	(2,750,442)	(2,514,698)
<b>Gross profit</b>		<u>1,080,479</u>	<u>970,739</u>
Other operating income		47,018	6,372
Selling expenses	18	(745,865)	(656,498)
Administrative expenses	18	(127,077)	(105,541)
Other operating expenses		(1,253)	(1,372)
<b>Operating profit</b>		<u>253,302</u>	<u>213,700</u>
Finance income		20,344	17,124
Finance costs	19	(129,071)	(120,096)
Net exchange difference		(116,413)	50,451
<b>Profit before income tax</b>		<u>28,162</u>	<u>161,179</u>
Income tax expense	15	(31,647)	(56,451)
<b>Profit for the period</b>		<u>(3,485)</u>	<u>104,728</u>
<b>Attributable to:</b>			
Owners of the parent		(3,482)	104,723
Non-controlling interests		(3)	5
		<u>(3,485)</u>	<u>104,728</u>
<b>Earnings per share:</b>	21		
Basic and diluted profit for the period attributable to ordinary equity holders of the parent		(0.03)	1.32

All items above are related to continuing operations.

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

## InRetail Perú Corp. and Subsidiaries

Interim consolidated statement of comprehensive income  
For the nine-month periods ended September 30, 2013 and 2012

	Note	2013 S/.(000)	2012 S/.(000)
<b>Profit for the period</b>		(3,485)	104,728
<b>Other comprehensive income</b>			
Unrealized gain on available-for-sale investments		(3,123)	423
Transfer of the realized gain on available-for-sale investments to the profit for the period		-	-
Income tax effect		494	(728)
		<u>(2,629)</u>	<u>(305)</u>
Loss on hedging derivative financial instrument		774	701
Income tax effect		(486)	(204)
		<u>288</u>	<u>497</u>
<b>Other comprehensive income for the period, net of income tax effects</b>		<u>(2,341)</u>	192
<b>Total comprehensive income for the period</b>		<u>(5,826)</u>	<u>104,920</u>
<b>Attributable to:</b>			
Owners of the parent		(5,822)	104,914
Non-controlling interests		(4)	6
		<u>(5,826)</u>	<u>104,920</u>

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

## InRetail Perú Corp. and Subsidiaries

### Interim consolidated statement of change in equity

For the nine-month periods ended September 30, 2013 and 2012

	<u>Capital stock</u>	<u>Additional paid in capital</u>	<u>Restructuring adjustment</u>	<u>Unrealized results on financial instruments</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	S/.(000)	S/.(000)		S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
<b>As of January 1, 2012</b>	1,306,455	122,019	-	2,117	299,468	1,730,059	1,771	1,731,830
Profit for the period					104,723	104,723	5	104,728
Other Comprehensive income				191	-	191	1	192
<b>Total comprehensive income</b>	-	-	-	191	104,723	104,914	6	104,920
Capital contribution	2,902	9,666				12,568	-	12,568
Capitalization	37,209	(17,927)			(19,282)	-		-
Net capital contribution as result of corporate reorganización, see Note 2(a)	798,714	703,094	(1,304,267)	(2,426)	(193,372)	1,743	(1,743)	-
Dividends					(1,950)	(1,950)	-	(1,950)
Deemed distribution		(113,758)			(91,047)	(204,805)	-	(204,805)
Others					(1,567)	(1,567)	62	(1,505)
<b>As of September 30, 2012</b>	<b>2,145,280</b>	<b>703,094</b>	<b>(1,304,267)</b>	<b>(118)</b>	<b>96,973</b>	<b>1,640,962</b>	<b>96</b>	<b>1,641,058</b>
<b>As of January 1, 2013</b>	2,138,566	551,209	-	374	210,353	2,900,502	119	2,900,621
Profit for the period	-	-	-	-	(3,482)	(3,482)	(3)	(3,485)
Other comprehensive income	-	-	-	(2,340)	-	(2,340)	(1)	(2,341)
	-			(2,340)	(3,482)	(5,822)	(4)	(5,826)
Expenses related to the share issuance	-	(1,312)			-	(1,312)		(1,312)
Dividends					-	-	-	-
Others						-		-
<b>As of September 30, 2013</b>	<b>2,138,566</b>	<b>549,897</b>	<b>-</b>	<b>(1,966)</b>	<b>206,871</b>	<b>2,893,368</b>	<b>115</b>	<b>2,893,483</b>

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

## InRetail Perú Corp. and Subsidiaries

### Interim consolidated statement of cash flows

For the nine-month periods ended September 30, 2013 and 2012

	<b>2013</b>	<b>2012</b>
	S/.(000)	S/.(000)
<b>Operating activities</b>		
Profit net	(3,485)	104,728
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Allowance for doubtful accounts receivable, net of recoveries	436	(45)
Depreciation of property, furniture and equipment	71,805	71,118
Amortization of intangible assets	6,016	4,579
Provision for inventory impairment, net of recoveries	1,080	3,979
Loss on disposal of property, furniture and equipment and intangible assets	-	65
Gain on valuation of financial instruments, net	(1,067)	-
Gain on valuation of investment properties	(14,773)	(2,742)
Deferred income	(4,533)	(4,379)
Net exchange difference	113,042	(49,257)
Others	(24,612)	119,285
<b>Working capital adjustments</b>	-	-
Decrease (increase) in trade receivables	10,794	(704)
Increase (decrease) in accounts receivables and payables from related parties	(13,362)	21,727
Increase in other receivables	1,545	(11,478)
Decrease (increase) in inventory	(128,513)	(21,923)
Increase in prepayments	(1,447)	(14,864)
Increase in taxes recoverable	(73,088)	(10,402)
Increase in trade payables	13,774	(21,384)
Increase (decrease) current income tax	(22,842)	24,060
Increase (decrease) in other payables	31,704	55,252
	<u>(34,041)</u>	<u>162,887</u>
<b>Net cash flows from operating activities</b>	<u>(37,526)</u>	<u>267,615</u>
<b>Investing activities</b>		
Loan collected to related parties	78,479	-
Purchase of fair value investment through profit and loss	(394,803)	-
Loan granted to related parties	(75,595)	-
Purchase of property, furniture and equipment, net of acquisitions through leasing contracts	(180,288)	(185,380)
Purchase and development of intangible assets	(26,122)	(15,475)
Purchase of investment properties, net of acquisitions through leasing contracts	(365,531)	(154,882)
Purchase of available for sale investment	(11,937)	-
Proceeds from fair value investment through profit and loss	802,110	52,694
<b>Net cash flows used in investing activities</b>	<u>(173,687)</u>	<u>(303,043)</u>

## Interim consolidated statement of cash flows (continued)

	<b>2013</b>	<b>2012</b>
	S/.(000)	S/.(000)
<b>Financing activities</b>		
Proceeds from interest-bearing loans and borrowings	33,800	200,224
Capital contribution	-	12,568
Issuance of bonds	-	-
Expenses related to the share issuance	(1,312)	-
Repayment of interest-bearing loans and borrowings	(48,800)	(75,946)
Deemed distribution	-	(204,805)
Repayment of bonds payable	(161,414)	-
Dividends	-	(1,950)
<b>Net cash flows (used in) from financing activities</b>	<u>(177,726)</u>	<u>(69,909)</u>
Net (decrease) increase of cash and short-term deposits	<u>(388,939)</u>	<u>(105,337)</u>
<b>Cash and short-term deposits at the beginning of the period</b>	<u>541,864</u>	<u>352,914</u>
<b>Cash and short-term deposits at the end of the period</b>	<u><u>152,925</u></u>	<u><u>247,577</u></u>

The accompanying notes are an integral part of these consolidated statements



## InRetail Perú Corp. and Subsidiaries

### Notes to the interim condensed consolidated financial statements

As of September 30, 2013 (unaudited) December 31, 2012 (audited) and September 30, 2012 (unaudited)

#### 1. Business activity and Eckerd Group acquisition

(a) Business activity -

InRetail Peru Corp, (hereinafter “the Company), is a holding incorporated in January 2011 in the Republic of Panama, a subsidiary of Intercorp Retail Inc., which owns 58.04 percent of its capital stock as of September 30, 2013 and December 31, 2012. Likewise, Intercorp Retail Inc. is a subsidiary of Intercorp Peru Ltd. Formerly IFH Peru Ltd. (a holding company incorporated in Bahamas, hereinafter “Intercorp Peru”) which is the ultimate parent and hold 100.00 percent of Intercorp Retail Inc.’s capital stock.

Taking into consideration the reorganization process and International share offering explained in 2(b)(a) below, as of September 30, 2013, the percentages of ownership are:

Owner	Percentage of Ownership %
Intercorp Retail Inc.	58.04
Intercorp Financial Services	2.33
Intercorp Perú Ltd	3.26
Inteligo Bank	7.90
NG Pharma Corp.	6.30
Others	22.17
	<hr/>
	100.00
	<hr/>

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

The accompanying interim consolidated financial statements as of September 30, 2013 and for the nine-month periods ended September 30, 2013 were approved by the Board of Directors on October 23, 2013.

## Notes to the interim consolidated financial statements (continued)

### (b) Eckerd Group acquisition -

In January 2011, the Company acquired directly and indirectly (i) Eckerd Perú S.A. and subsidiaries, (ii) Droguería de Los Andes S.A. and (iii) Inmobiliaria Espíritu Santo S.A.C. (hereinafter and together “Eckerd Group”); which operate under the commercial brand “Inkafarma” and are dedicated to the nationwide commercialization of pharmaceutical products, cosmetic products, food for medical use and other elements aimed at health protection and recovery through its “Inkafarma” pharmacy chain.

As of September 30, 2013, Eckerd Perú S.A. is the sole owner of Eckerd Amazonía S.A.C. and Boticas del Oriente S.A.C., while Droguería de Los Andes S.A. and Inmobiliaria Espíritu Santo S.A.C. were absorbed in May 2011 and August 2012 respectively, by Eckerd Peru S.A. at book value since it was made between entities under common control. The acquisition of Eckerd Group was accounted for in accordance with IFRS 3 “Business Combinations”, by applying the purchase accounting method; as a result, the assets and liabilities acquired including certain intangibles assets not recorded by the acquired companies were recorded at their fair value on the date of their acquisition.

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

### (a) Reorganization of Intercorp Perú’s Subsidiaries

Intercorp Perú and its Subsidiaries (“Intercorp Perú Group”), which comprises several companies operating in Perú and other countries, completed the reorganization of its Subsidiaries in the retail and shopping center businesses on August 13, 2012, in order to have a more organized and effective structure in which the Company operates as a holding company that owns the majority of the shareholding in the subsidiaries of Intercorp Perú that operate in the retail and shopping center businesses.

As a result of the reorganization plan, the Company became the direct owner of InRetail Real Estate Corp., which is a new intermediate holding company incorporated in order to group all the companies that comprise the shopping center business, consisting of Real Plaza S.R.L., InRetail Properties Management S.R.L. (formerly Interproperties S.A.), Patrimonio en Fideicomiso – D.S. N° 093-2002-EF-Interproperties Holding and Patrimonio en Fideicomiso – D.S. N° 093-2002-EF-Interproperties Holding II. Likewise, in a series of transactions, 9 shopping centers were transferred to the new organization from Interseguro Compañía de Seguros and Urbi Propiedades S.A. (related entities), recorded by Patrimonio en Fideicomiso – D.S. N° 093-2002-EF-Interproperties Holding and Patrimonio en Fideicomiso – D.S. N° 093-2002-EF-Interproperties Holding II. The Company also became the direct owner of Supermercados Peruanos S.A., which, along with its subsidiaries Plaza Vea Sur S.A.C. and Peruana de Tiquetes S.A.C., comprise the supermarkets business. Finally, the Company continues to indirectly control the Eckerd Group.

After this reorganization, the Company owns directly:

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

## Notes to the interim consolidated financial statements (continued)

Subsequent to the reorganization of Intercorp Perú, the Company became the main retail and shopping center operator of the Intercorp Peru Group. The company and its Subsidiaries, Supermercados Peruanos S.A., Eckerd Group and InRetail Real Estate Corp. (hereinafter and together "The InRetail Group") are dedicated to operating supermarkets, hypermarkets, pharmacies and shopping centers, as well as real estate development. The InRetail Group operation are concentrated in Peru, see Note 3.

The activities, main financial information and other relevant data of each Company's subsidiary are explained in Note 3 below. After the aforementioned transactions, Intercorp Perú continues holding the control of the Company, direct and indirectly.

As the above-described restructuring of Intercorp Perú Group will not lead to a change in Intercorp Perú's control of the Subsidiaries now grouped under the Company, according to international Financial Reporting Standards, the transactions correspond to a reorganization of entities under common control, therefore the reorganization was accounted for using the pooling-of-interest method. Therefore, these interim combined financial statements have been prepared under the assumption that the reorganization took place as of the beginning of the earliest year presented herein, and the Company was operating in each of the periods presented. The interim consolidated financial statements as of September 30, 2013 and December 31, 2012, and for the nine month ended as of September 30, 2013 and 2012, reflect the Company as having the 99.98 percent interest in Supermercados Peruanos S.A. and 100.00 percent interest in InRetail Real Estate Corp.

### (b) International Share Offering

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

Subsequently, through the Directive Meeting held on October 3, 2012, agreed to: (i) authorize the issuance of 20,000,000 common shares without nominal value, and (ii) set the issuance value of such shares in \$ 10.00 per share in the Peruvian and international markets, being the issue price US\$ 20 per share. The issuance of new common shares has represented for the Company a cash contribution of approximately U.S. \$ 400,000,000 (equivalent to approximately S/.1,034,000,000), which is presented as an increase of capital stock and as capital premium by S/.517,000,000 respectively.

Additionally, through the Directive Meeting held on October 22, 2012, agreed to: (i) authorize the issuance of 3,000,000 new common shares without nominal value and (ii) set the issuance value of US\$ 10 per share in the Peruvian and international markets, being the issue price of US\$ 20 per share. The issuance of these new common shares has represented for InRetail Peru Corp. a cash contribution of approximately US \$ 60,000,000 (equivalent to approximately S/.154,920,000), which is presented as an increase of capital stock and as capital premium by S/.77,460,000, respectively.

Capital premium recorded from the two issuances detailed above is presented in the consolidated statement of changes in equity, net of expenses incurred and related to the share issuance, by S/.44,563,000

## Notes to the interim consolidated financial statements (continued)

### 3. Subsidiary activities

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

(a) Supermercados Peruanos S.A.

Retail company incorporated and with operations in Perú. As of September 30, 2013, it owns 49 hypermarkets that operate under the "Plaza Veá" brand, 33 supermarkets that operate under the "Vivanda" and "Plaza Veá Super" brands, and 8 discount stores that operate under the "Mass" and "Economax" commercial brand (49 hypermarkets, 26 supermarkets and 11 discount stores as of December 31, 2012). Supermercados Peruanos S.A. holds 100 percent of: (i) Peruana de Tiquetes S.A.C. and (ii) Plaza Veá Sur S.A.C.

(b) Eckerd Group-

Group of companies that include Eckerd Perú S.A. and subsidiaries

Eckerd Perú S.A.

Entity dedicated to the nationwide commercialization of pharmaceutical products, cosmetic products, food for medical use and other elements aimed to health protection and recovery through its "Inkafarma" pharmacy chain. As of September 30, 2013, it operated 675 stores across the country (580 stores as of December 31, 2012). Eckerd Perú S.A. holds 100 percent of: (i) Eckerd Amazonía S.A.C. and (ii) Boticas del Oriente S.A.C. In August 2012 Eckerd Perú S.A. absorbed Inmobiliaria Espíritu Santo S.A.C. entity dedicated exclusively to the renting of its 8 properties to Eckerd Perú S.A.

(c) InRetail Real Estate Corp.-

Holding company incorporated in the Republic of Panama in April 2012 as a part of the reorganization process described in Note 2. InRetail Real Estate owns the following subsidiaries:

Real Plaza S.R.L.

Entity dedicated to the management and administration of fourteen shopping centers as of September 30, 2013 (fourteen shopping centers as of December 31, 2012) named "Centro Comercial Real Plaza", located in Peru (Chiclayo, Piura, Chimbote, Trujillo, Huancayo, Arequipa, Juliaca, Huanuco and Lima). InRetail Real Estate holds 100.00 percent of the capital stock of Real Plaza S.A.

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

Entity that provides the staff which manages and operates Interproperties Holding InRetail Real Estate Corp. holds 100.00 percent of the capital stock of InRetail Properties Management S.R.L.

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

Equity trust funds (henceforth "Interproperties Holding") are Special Purpose Entities (SPE) incorporated with the purpose of creating independent entities to own and handle the shopping center business of the Group. InRetail Real Estate owns 100 percent of participation in the net assets of Interproperties Holding.

## Notes to the interim consolidated financial statements (continued)

### 4. Basis of preparation and presentation

#### (a) Interim Financial Statements

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

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

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

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

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

#### (b) Basis of consolidation

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

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

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

The accounting policies followed in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements at December 31, 2012.

## Notes to the interim consolidated financial statements (continued)

### 5. Cash and short-term deposits

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

	<b>As of September 30, 2013</b>	<b>As of December 31, 2012</b>
	S/.(000)	S/.(000)
Cash (b )	7,102	12,341
Current accounts (c )	45,138	449,589
Time deposits (d )	98,810	53,434
Other	1,875	26,500
<b>Total</b>	<b>152,925</b>	<b>541,864</b>

(b) The balance as of September 30, 2013 and December 31, 2012, comprises mainly cash held by subsidiaries in the premises of their store chains and in the vaults of a security company, corresponding to sales during the last days of the period.

(c) The Group maintains current accounts in local banks, both in Nuevos Soles and US Dollars which do not accrue interest.

(d) As of September 30, 2013 and December 31, 2012, corresponds to time deposits and bank certificates, with original maturities of up to 30 days, in local banks and denominated mainly in Nuevos Soles. These have annual average interest rates ranging from 3.80 to 4.06 percent for the nine months periods ended September 30, 2013 and from 3.80 to 3.95 percent for the same periods of 2012. Time deposits outstanding at September 30, 2013, matured in full during October 2013.

(e) Current accounts and time deposits are unrestricted and free of any lien.

### 6. Investments at fair value through profit or loss

Management of the Company and its subsidiaries have decided to invest its cash surplus in mutual funds of variable rent, which have been designated as financial assets at fair value through profit or loss. The composition of the caption is presented as follows:

<b>Entity</b>	<b>As of September 30, 2013</b>	<b>As of December 31, 2012</b>
	S/.(000)	S/.(000)
Fund managed by Interfondo S.A. SAF	-	184,355
Fund managed by Credifondo S.A. SAF	-	138,744
Fund managed by Scotia Fondos SAF	-	132,115
Fund managed by BBVA Asset Management Continental S.A. SAF	-	99,809
Corporate bonds Bristol Lake S.A.	153,965	-
<b>Total</b>	<b>153,965</b>	<b>555,023</b>

## Notes to the interim consolidated financial statements (continued)

As of December 31, 2012, these funds are conformed by a portfolio of commercial paper issued by the Peruvian Government and prestigious financial entities in local market and; in Management opinion they are highly liquid and they have low level of risk.

As of September 30, 2013, this item includes S/.153,965,000 equivalent to U.S.\$55,343,000, corresponding to Bristol Lake SA Corporate Bonds (a non-related entity), with maturity in November 2013 and accrue interest annual rate of 7 percent. These debt instruments are secured by pledges on shares.

### 7. Trade receivables, net

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

	<b>As of September 30, 2013</b>	<b>As of December 31, 2012</b>
	S/.(000)	S/.(000)
Trade accounts receivable (c)	17,171	38,846
Rent receivable (d)	16,009	12,792
Merchandise vouchers (e)	23,925	13,737
Provisión for accrued revenue (f)	6,335	8,087
Others	<u>1,191</u>	<u>1,963</u>
<b>Total</b>	<b>64,631</b>	<b>75,425</b>
Provision for doubtful accounts (g)	<u>(3,548)</u>	<u>(3,112)</u>
	<u>61,083</u>	<u>72,313</u>

- (b) Trade receivables are denominated in Nuevos Soles, have current maturity and do not bear interest.
- (c) Corresponds mainly to (i) pending deposits in favor of Supermercados Peruanos and Eckerd group for the last day of the month, respectively, held by credit card operators and originated from the sales of goods with credit cards in the different stores of Supermercados Peruanos S.A. and Eckerd Group and (ii) trade accounts receivable from corporate sales.
- (d) Correspond to accounts receivable for the lease of commercial premises to concession holders inside the stores of Supermercados Peruanos S.A. and the accounts receivable for the rental income of Interproperties Holding.
- (e) Correspond mainly to the balance receivable from the sale of merchandise vouchers to various companies and public institutions. At the date of this report, these balances are mostly collected.
- (f) As of September 30, 2013 and December 31, 2012 relates to services unbilled at period end, mainly due to variable rentals. These amounts were billed in the month subsequent to the reporting date.

## Notes to the interim consolidated financial statements (continued)

- (g) Movements in the provision for doubtful accounts receivable for the periods ended September 30, 2013 and 2012, were as follows:

	<b>2013</b>	<b>2012</b>
	S/.(000)	S/.(000)
<b>Balance at the beginning of the year</b>	3,112	1,608
Provision recognized as year expense, Note 18 (a)	879	244
Write offs and recovery's	(443)	(289)
<b>Balance at the end of the period</b>	<u>3,548</u>	<u>1,563</u>
<b>Balance as of December 31, 2012</b>		<u>3,112</u>

As of September 30, 2013 and December 31, 2012, the balance of the trade receivable amounts to approximately S/.64,631,000 and S/.75,425,000,000 respectively, out of which approximately S/.3,548,000 and S/.3,112,000 were provisioned for at those dates. Likewise, the amount of non impaired past due trade receivables amounted to S/.26,709,000 and S/.22,293,000, respectively.

In the opinion of Management of the InRetail Group, the provision for doubtful accounts receivable as of September 30, 2013 and December 31, 2012, appropriately covers the credit risk of this item at those dates.

### 8. Inventories, net

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

	<b>As of September 30, 2013</b>	<b>As of December 31, 2012</b>
	S/.(000)	S/.(000)
Goods	704,790	591,800
In transit inventories (b )	22,253	8,038
Miscellaneous supplies	<u>6,160</u>	<u>5,776</u>
<b>Total</b>	733,203	605,614
<b>Minus</b>		
Provision for impairment of inventories (c )	(3,808)	(3,652)
<b>Total</b>	<u>729,395</u>	<u>601,962</u>

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



Notes to the interim consolidated financial statements (continued)

- (c) The movement in the provision for inventory impairment for the nine month periods ended September 30, 2013 and 2012, was as follows:

	<b>2013</b> S/.(000)	<b>2012</b> S/.(000)
<b>Balance at the beginning of the year</b>	3,652	4,020
Provision of the period, Note 18(a)	1,080	3,979
Write-off	-	(1,380)
Recovery	(924)	-
<b>Balance at the end of the period</b>	<u>3,808</u>	<u>6,619</u>
 <b>Balance as of december 31, 2012</b>		 <u>3,652</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 of the InRetail Group.

## Notes to the interim consolidated financial statements (continued)

### 9. Available-for-sale investment

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

	As of September 30, 2013 S/.(000)	As of December 31, 2012 S/.(000)
<b>Balance at the beginning of the year (b)</b>	28,319	70,628
Acquisition of corporate bond	12,827	-
Sales of corporate bond (b )	-	(45,950)
Exchange difference	2,234	-
Unrealized results	(3,123)	3,641
<b>Balance at the end of the period</b>	<u>40,257</u>	<u>28,319</u>

(b) In November 2011, Supermercados Peruanos S.A. acquired bonds issued abroad by a trust fund constituted by a subsidiary of Maples FS Limited (a non-related entity). The acquisition value of these bonds was US\$25,000,000; they have semi-annual coupons until November 2018 and accrue interests at effective fixed annual rate of 8.875 percent. These debt instruments are traded in Luxemburg Stock Exchange.

During 2012, the Group sold part of these bonds to a non-related entity for approximately US\$16,543,000. The net realized gain for this transaction amounts to approximately S/.3,672,000, which is included in the caption "Finance income" in the consolidated income statement.

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

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

	As of September 30, 2013 S/.(000)	As of December 31, 2012 S/.(000)
<b>Cost</b>		
<b>Initial balance</b>	2,236,366	1,906,989
Additions (b )	239,401	342,142
Disposals and/or sales (c )	(8,111)	(12,765)
<b>Final balance</b>	<u>2,467,656</u>	<u>2,236,366</u>
<b>Accumulated depreciation</b>		
<b>Initial balance</b>	472,828	391,817
Additions ( d )	71,805	91,615
Disposals and/or sales	(5,832)	(10,604)
<b>Final balance</b>	<u>538,801</u>	<u>472,828</u>
<b>Net book value</b>	<u>1,928,855</u>	<u>1,763,538</u>

## Notes to the interim consolidated financial statements (continued)

- (b) Additions for the nine-month periods ended September 30, 2013 and for the year ended December 31, 2012 correspond mainly to the construction and equipment of new premises for Supermercados Peruanos S.A. and the Eckerd Group, and the construction of shopping centers.
- (c) It mainly corresponds to assets sold and to the disposals of unusable assets as a result of the process of change of format in some premises. The resulting income or expense has been included in the "Other operating income" or "Other operating expenses" caption of the consolidated income statement, respectively.
- (d) Depreciation expense for the nine-month periods ended September 30, 2013 and 2012, was recorded as follows in the income statements:

	<b>2013</b> S/.(000)	<b>2012</b> S/.(000)
Sales expenses, Note 18 (a )	60,101	60,183
Administrative expenses, Note 18 (a )	11,704	10,935
<b>Balance as of September 30</b>	<u>71,805</u>	<u>71,118</u>
<b>Balance as of December 31, 2012</b>		<u>91,615</u>

- (e) As of September 30, 2013, Supermercados Peruanos S.A. has mortgaged land lots, buildings and facilities for a net book value of S/.276,670,000 (S/.247,362,000 as of December 31, 2012), as collateral over the financial obligations and the leasing contracts (see Note 14).
- (f) As of September 30, 2013, the cost and corresponding accumulated depreciation of assets acquired through finance leases amount to approximately S/.338,705,000 and S/.36,364,000 respectively (S/.264,531,000 and S/.29,087,000, respectively, as of December 31, 2012).
- (g) The Subsidiaries of the Company maintain insurance policies on their main assets in accordance with the policies established by Management.

## Notes to the interim consolidated financial statements (continued)

### 11. Investment properties

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

	As of September 30, 2013 S/. (000)	As of December 31, 2012 S/. (000)
Real Plaza Primavera shopping center (ii)	202,845	207,558
Real Plaza Trujillo shopping center (ii)	126,430	124,665
Real Plaza Chiclayo shopping center (ii)	178,312	140,613
Real Plaza Huancayo shopping center (i) and (ii)	83,721	85,874
Real Plaza Arequipa shopping center (i) and (ii)	67,425	67,173
Real Plaza Cuzco Project	78,453	61,441
Real Plaza Huanuco shopping center	80,668	57,532
Real Plaza Salaverry Project	126,771	25,460
Real Plaza Cajamarca Project	106,476	31,599
Real Plaza Santa Clara - Altamirano Shopping center	39,825	36,584
Real Plaza Chorrillos shopping center (ii)	37,633	42,502
Real Plaza Juliaca shopping center (i) and (ii)	58,691	59,110
Real Plaza Pro shopping center (ii)	44,698	43,533
Jr. de la Unión stores	18,522	21,579
Real Plaza Santa Clara shopping center (ii)	19,815	19,074
Real Plaza Nuevo Chimbote shopping center (i) and (ii)	13,941	5,516
Real Plaza Piura shopping center	141,462	-
Others	91,046	74,448
	1,516,734	1,104,261

- (i) For Huancayo, Arequipa, and Juliaca shopping centers, right of use contracts (contractual agreement between the owner of the land and the Company, which allows the Company to construct the shopping centers) were subscribed with Ferrovias Central Andina S.A. the Association named "Religiosas del Sagrado Corazón de Jesús", Ferrocarril Trasandino S.A. and Interseguro Cía. de Seguros S.A.. (a related entity), respectively, for periods ranging between 20 and 30 years.
- (ii) "Real Plaza" shopping centers consist of department stores, home improvement, supermarket, other retail shops, a cinema complex and an entertainment area which executed contracts that provide a minimum monthly rent and a variable rent based on sales.

## Notes to the interim consolidated financial statements (continued)

- (b) The movement of this account for nine month periods ended September 30, 2013 and 2012 was as follows:

	<b>2013</b>	<b>2012</b>
	S/.(000)	S/.(000)
<b>Balance at the beginning of the year</b>	1,104,261	761,069
Additions	397,700	154,882
Fair value adjustment	14,773	2,742
Transfer from property, furniture and equipment; Note 10(a)	-	6,529
<b>Balance at the end of the period</b>	<u>1,516,734</u>	<u>925,222</u>
<b>Balance as of December 31, 2012</b>		<u>1,104,261</u>

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

- (c) As of September 30, 2013, some of the investment properties guarantee the debt to Deutsche Bank, Note 14(g). At such date, the book value of these investment properties amounts to approximately S/.1,052,717,000 (S/.866,573,000 as of December 31,2012).

## Notes to the interim consolidated financial statements (continued)

### 12. Intangible assets, net

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

	As of September 30, 2013 S/.(000)	As of December 31, 2012 S/.(000)
<b>Cost</b>		
<b>Initial balance</b>	1,171,251	1,144,401
Additions ( c )	26,523	26,850
Disposal and/or sales	(404)	-
<b>Final balance</b>	<u>1,197,370</u>	<u>1,171,251</u>
<b>Accumulated amortization</b>		
<b>Initial balance</b>	34,531	27,823
Additions ( d )	6,016	6,708
Disposals and/or sales	(3)	-
<b>Final Balance</b>	<u>40,544</u>	<u>34,531</u>
<b>Net, book value</b>	<u>1,156,826</u>	<u>1,136,720</u>

(b) As of September 30, 2013 and December 31, 2012, this caption mainly includes approximately S/.373,054,000 and S/.694,283,000 corresponding to the brand "Inkafarma" and goodwill respectively, as a result of the acquisition of the Eckerd Group; see Note 1b .

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

(c) As of September 30, 2013 and December 31, 2012, additions mainly correspond to disbursements for the acquisition of a commercial software program, a general planning system (ERP) and the corresponding licenses for use; and disbursements for implementation of the application "E3 Inkafarma", which will be used in the new distribution center.

(d) Amortization expense for the nine-month periods ended September 30, 2013 and December 31, 2012 has been recorded in the following items of the combined statements:

	2013 S/.(000)	2012 S/.(000)
Sales expenses, Note 18 ( a )	3,902	3,194
Administrative expenses, Note 18 ( a )	2,114	1,385
<b>Balance as of September 30</b>	<u>6,016</u>	<u>4,579</u>
<b>Balance as of december 31, 2012</b>		<u>6,708</u>

## Notes to the interim consolidated financial statements (continued)

### 13. Trade payables

The table below presents the composition of this caption:

	<b>As of September 30, 2013</b>	<b>As of December 31, 2012</b>
	S/.(000)	S/.(000)
Bills payable for purchase of goods	928,392	886,865
Bill payable for commercial services	120,689	148,442
<b>Total</b>	<u>1,049,081</u>	<u>1,035,307</u>

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

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

## Notes to the interim consolidated financial statements (continued)

### 14. 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	
				US\$ (000)	S/(000)	2013 S/(000)	2012 S/(000)	2013 S/(000)	2012 S/(000)	2013 S/(000)	2012 S/(000)
<b>Subordinated bonds ( b )</b>											
Issued for the restructuring of the financial position											
1st Issuance	USD	7.50	2014	12,000	-	33,384	30,612	33,384	-	-	30,612
2nd Issuance	USD	8.04	2014	7,005	-	19,488	17,870	19,488	-	-	17,870
3rd Issuance	PEN	8.49	2014	-	21,540	21,540	21,540	21,540	-	-	21,540
				<u>19,005</u>	<u>21,540</u>	<u>74,412</u>	<u>70,022</u>	<u>74,412</u>	<u>-</u>	<u>-</u>	<u>70,022</u>
<b>Corporate bonds ( c ) ( d ) ( e )</b>											
1st Issuance	USD	8.00	2015	58,000	-	-	147,958	-	-	-	147,958
1st Issuance	PEN	6.70	2016	-	28,437	14,219	16,250	4,062	4,062	10,157	12,188
2nd Insuance	PEN	7.75	2019	-	57,090	37,108	39,963	5,709	5,709	31,399	34,254
				<u>58,000</u>	<u>85,527</u>	<u>51,327</u>	<u>204,171</u>	<u>9,771</u>	<u>9,771</u>	<u>41,556</u>	<u>194,400</u>
<b>Leasings</b>											
<b>Related entities</b>											
Banco Internacional del Perú-Interbank	USD	4.85	2013	8,469	-	-	25,710	-	25,710	-	-
Banco Internacional del Perú-Interbank	PEN	Entre 11.24% y 11.43%	2014	-	142,029	112,464	66,754	37,083	12,586	75,381	54,168
Banco Internacional del Perú-Interbank	PEN	8.25	2016	-	7,401	4,431	5,481	1,500	1,414	2,931	4,067
<b>Non-related entities</b>											
Hewlett Packard S.A.	USD	2.93	2012	446	-	-	2,570	-	910	-	1,660
Hewlett Packard S.A.	USD	1.69 - 5.7	2015 - 2017	2,130	-	7,305	-	2,514	-	4,791	-
IBM Perú SAC	USD	2.93	2015	27	-	1,416	750	693	290	723	460
Banco de Crédito del Perú	PEN	6.97	2018	-	17,424	25,207	10,980	2,581	1,255	22,626	9,725
Banco de Crédito del Perú	USD	5.28	2013	-	4,658	3	32	3	32	-	-
Banco de Crédito del Perú	USD	7.62 - 9.02	2019	12,500	20,000	77,582	53,466	5,756	-	71,826	53,466
BBVA Banco Continental	PEN	Entre 5.96% y 10.85%	2018	-	65,241	35,851	45,333	14,311	11,829	21,540	33,504
BBVA Banco Continental	USD	8.28	2012	-	9,244	2,590	3,127	1,329	1,091	1,261	2,036
Banco Interamericano de Finanzas	PEN	8.35	2014	-	12,748	1,268	3,447	1,268	2,935	-	512
Banco Scotiabank	PEN	7.76	2018	-	21,864	16,732	18,828	2,984	2,821	13,748	16,007
Banco Scotiabank	USD	4.70	2013	264	-	96	343	96	343	-	-
				<u>23,942</u>	<u>303,172</u>	<u>284,945</u>	<u>236,821</u>	<u>70,118</u>	<u>61,216</u>	<u>214,827</u>	<u>175,605</u>



Notes to the interim consolidated financial statements (continued)

Type Obligation	original currency	Interest rate %	Maturity final	Original amount		Total		Corriente		No corriente	
				US\$ (000)	S/(000)	2013	2012	2013	2012	2013	2012
				S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Lease back</b>											
<b>Related entities</b>											
Banco Internacional del Perú-Interbank	PEN	8.25	2015	-	588	284	388	149	141	135	247
				-	588	284	388	149	141	135	247
<b>Foreing loans</b>											
Intercorp Retail Trust (f)	USD	10.13	2018	130,000	-	348,930	318,683	-	-	348,930	318,683
Bank of America (f)	USD	10.13	2018	140,000	-	370,196	337,218	-	-	370,196	337,218
Deutsche Bank (g)	USD	9.43	2023	185,000	-	497,893	456,014	-	-	497,893	456,014
				455,000	-	1,217,019	1,111,915	-	-	1,217,019	1,111,915
<b>Promissory notes and loans (h)</b>											
<b>Non-related entities</b>											
Banco de Crédito del Perú	USD	6.60	2021	12,000	-	28,290	27,856	2,895	2,539	25,395	25,317
BBVA Banco Continental	PEN	4.85	2013	-	31,870	31,870	-	31,870	-	-	-
Banco de Crédito del Perú . Préstamo	USD	3.65	2013	2,000	-	1,360	-	1,360	-	-	-
Banco Scotiabnak - préstamo						570	-	570	-	-	-
				14,000	31,870	62,090	27,856	36,695	2,539	25,395	25,317
<b>Obligations to third parties (i)</b>											
Hewlett Packard S.A.	USD	7.30	2014	11,549	-	6,697	7,858	3,923	4,718	2,774	3,140
IBM Perú SAC	USD	8.00	2015	6,441	-	5,000	-	2,967	5,324	2,033	3,193
IBM Perú SAC	PEN		2014	36	96	69	16,375	16	-	53	-
				18,026	96	11,766	24,233	6,906	10,042	4,860	6,333
<b>Total</b>				<b>587,973</b>	<b>442,793</b>	<b>1,701,843</b>	<b>1,675,406</b>	<b>198,051</b>	<b>83,709</b>	<b>1,503,792</b>	<b>1,583,839</b>

## Notes to the interim consolidated financial statements (continued)

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

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

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

- (c) As of September 30, 2013 and December 31, 2012, the Company and Subsidiaries has outstanding corporate bonds for S/.51,327,000 and S/.204,171,000, respectively, which accrue annual interest rates that fluctuate between 6.70 and 8.00 percent, and whose maturities are between 2016 and 2019.
- (d) In May 2012, InRetail Real Estate issued corporate bonds through a private offering for US\$58,000,000 (equivalent to approximately S/.154,918,000). The funds from these bonds were used to purchase properties and accrued a nominal annual interest rate of 8.00 percent. The maturity date of these bonds is in June, 2015. The bonds issued include standard clauses requiring the InRetail Group to comply certain administrative matters. These bonuses were paid in full in June 2013.
- (e) Some of the bonds issued include standard clauses requiring the InRetail Group to meet financial ratios, use of funds criteria and other administrative matters. In Management's opinion, as of September 30, 2013 and December 31, 2012, said standard clauses do not limit the normal operation of the Group and have been fulfilled.
- (f) In November 2011, InRetail Corp (formerly IFH Pharma Corp.) was granted a loan by Intercorp Retail Trust, a non related entity. Likewise, as part of the same operation and at the same date, Supermercados Peruanos S.A. was also granted a loan by Bank of America. The consolidated amount of these loans amount to S/.728,190,000 (US\$270,000,000) which accrue interest at a 8.875 percent nominal annual rate. These loans were recorded in the consolidated financial statements at amortized cost at an annual effective interest rate of 10.134 percent after considering the related initial charges of S/.9,293,000 and a guarantee deposit amounting to S/.35,997,000 (US\$13,312,000), which is non refundable and will be applied to the principal of the Bank of America loan at maturity. The InRetail Group allocated these funds, mainly, to the cancellation of promissory notes and commercial papers, payment for land acquisition and the construction of new commercial premises for its subsidiaries.

Those financial obligations are presented net of the aforementioned initial charges and the guarantee deposit.

- (g) Foreign loans caption includes loans granted by Deutsche Bank AG, London Branch in November 2011 to Interproperties Holding, which balances as of September 30, 2013 and December 31, 2012 amounts to approximately S/.497,893,000 and S/.456,014,000 respectively. The funds from this financing were used to purchase properties, invest in new building projects, to repay debts and payments, including fees and expenses, in connection with this transaction. In support of this financing, Interproperties Holding has given certain investment properties in guarantee for this debt; see Note 11(c).

## Notes to the interim consolidated financial statements (continued)

The above financial obligations are presented net of initial costs amounting to US\$6,783,984 equivalent to S/.18,227,000, considering an effective annual interest rate of 9.426 percent.

- (h) 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 10(f). Such obligations do not have any special conditions that must be complied (covenants), or restrictions affecting the operations of the InRetail Group.
- (i) Corresponds to the debt that Supermercados Peruanos S.A. acquired with IBM del Perú S.A.C. to purchase computer equipment. Likewise, Hewlett Packard S.A. signed a promissory note with Supermercados Peruanos S.A. to finance the payment of the balances indebted to SAP Andina del Caribe S.A. for the development of the SAP system. Said contracts do not have any specific guarantee.
- (j) During the nine-month periods ended September 30, 2013 and 2012, loans and borrowings accrued interest which is recorded in the "Finance costs" caption of the consolidated income statements, see Note 19. Also, as of September 30, 2013 and December 31, 2012, there are interests payable which are recorded in the "Other payables" caption of the consolidated statements of financial position; see Note 19.
- (k) Some of the interest-bearing loans and borrowing include standard clauses requiring the InRetail Group to meet financial ratios, use of funds criteria and other administrative matters. Management's opinion, as of September 30, 2013 and December 31, 2012, said standard clauses do not limit the normal operation of the Group and have been fulfilled.

## Notes to the interim consolidated financial statements (continued)

### 15. Deferred income tax liabilities, net

- (a) The amounts presented in the statement of financial position as of September 30, 2013 and December 31, 2012, as well as the consolidated income statements for the nine-month periods ended September 30, 2013 and 2012 are shown below:

Statements of financial position	Deferred liability, net	
	As of September 30, 2013 S/. (000)	As of December 31, 2012 S/.(000)
Deferred income tax asset	64,241	30,627
Deferred income tax liabilities	<u>(251,936)</u>	<u>(223,885)</u>
Deferred income tax liability, net	<u>(187,695)</u>	<u>(193,258)</u>

  

Statements of comprehensive income	Income tax for the nine-month periods ended September 30, 2013 and 2012	
	2013 S/. (000)	2012 S/.(000)
Current	(37,202)	(38,553)
Deferred	<u>5,555</u>	<u>(17,898)</u>
	<u>(31,647)</u>	<u>(56,451)</u>

- (b) As of September 30, 2013 and December 31, 2012 the provision for current income tax payable, net of advanced payments amounts to approximately S/.2,280,000 and S/.25,122,000, respectively.

## Notes to the interim consolidated financial statements (continued)

### 16. Equity

#### (a) Capital stock –

As of December 31, 2011, InRetail Perú Corp. capital stock was represented by 250,537,848 shares with no par value, issued at US\$1.00 each, which were totally paid and issued.

In August 2012, the Board of Directors agreed to modify the emission value of their shares of US\$1.00 to US\$10.00 each, bringing the number of share of the Company was represented by 25,053,784.

Furthermore, in August 2012, resulting from the reorganization of the Intercorp Group explained in Note 2 (a), were provided the stocks of companies InRetail Real Estate Corp. and Supermercados Peruanos S.A. by amounted to S/.1,446,041,000, issuing 54,753,535 shares at an issue value of US\$10.00 each. These shares exchange was performed whit reference to the market values of contributed shares; however, due to this organization was performed between entities under common control using the pooling of interest method, see Note 2(a), the operation was recorded at book value, therefore, the contribution previously detailed was recorded net of a premium amounting to S/.601,148,000.

Subsequently to this reorganization, InRetail Perú Corp. recorded its shares in the Registro Público del Mercado de valores de Lima and started an international offering of new shares process in the national and international markets, which ended in October 2012, see note 2.(b). As part of this process, approximately 23,000,000 shares were issued representative of approximately 22 percent of capital stock of InRetail Perú Corp.; such emission has represented a cash contribution increasing capital stock in approximately S/. 594,460,000.

After the transactions explained above, as of September 30, 2013, capital stock of InRetail Perú Corp. amounts to S/. 2,138,566,000 represented by 102,807,319 shares with a nominal value of US\$ 10 per share.

#### (b) Additional paid in capital –

The additional paid in capital corresponds to the pooled book value of the shopping centers included in the structure and recorded by the InRetail Group as entities under common control, see Note 2(a). In this sense, applying the pooling of interest method, InRetail Group accounted for these transactions under the assumption that those shopping centers were in the consolidated financial statements as of the beginning of the earliest year presented herein ad were considered as additional paid in capital.

Likewise, due to the fact that as of December 31, 2012, the InRetail Group paid in cash for part of these shopping centers to related entities, the contribution paid has been presented as deemed distribution in equity, reducing the corresponding amounts of additional paid in capital and retained earnings for the amount paid and remaining net profit previously recognized by such entities.

#### (c) Capital premium

It corresponds to the difference between the nominal value of shares issued and their offering value. The international offering of new shares, mentioned in paragraph (a) above, was made at a price of US\$20 per share, being the issuance value of shares US\$ 10 per share, and recording a capital Premium which is presented net of expenses related to the issuance (professional services of legal advisors, investment bankers, transaction commissions, among others) for approximately S/. 549,897,000

## Notes to the interim consolidated financial statements (continued)

### 17. Tax Situation

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

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

- (b) The Company's Subsidiaries domiciled in Peru are subject to the Peruvian Tax System and, in compliance with current Peruvian legislation they calculate their Income tax on the basis of their individual financial statements. As of September 30, 2013 and December 31, 2012, the statutory Income Tax rate was 30 percent on taxable income, after calculating the employees profit sharing, which according to prevailing standards is computed with a rate between 5 to 8 percent.
- (c) In Accordance to Income Tax Law, modified by Laws 29663 and 29757, since 2011, gains from indirect sale of shares of Peruvian companies are subject to income tax. An indirect transference is configured when the following two assumptions occur together:
- (i) In first place, 10 percent or more of shares of the non domiciliated company must be sold in a period of twelve months.
  - (ii) In second place, the share's market value of the Peruvian company must represent 50 percent or more of the market value of the non domiciliated company, in a period of twelve months.
- (d) For purposes of determining the Income Tax and Value Added Tax, transfer pricing of transactions with related companies and companies domiciled in territories with low or no taxation must be supported with documentation and information on assessment methods applied and criteria considered. Based on the analysis of the operations of the Group, Management and its legal advisors consider that as consequence of the application of the regulation in force, there will not emerge any significant contingencies for the Group as of September 30, 2013 and December 31, 2012.

## Notes to the interim consolidated financial statements (continued)

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

	<b>Income Tax</b>	<b>Value added tax</b>
Supermercados Peruanos S.A.	From 2008 to 2012	From 2008 to 2012
Eckerd Perú S.A.	2008, 2011 and 2012	2008, 2011 and 2012
Eckerd Amazonia S.A.C.	2008, 2010 and 2012	2008, 2010 and 2012
Boticas del Oriente S.A.C.	2008, 2009, 2010 and 2012	2008, 2009, 2010 and 2012
Real Plaza S.R.L.	From 2009 to 2012	From 2008 to 2012
InRetail Properties Management S.R.L.	From 2010 to 2012	From 2010 to 2012

According to Peruvian law, Interproperties Holding is not considered an income taxpayer due to its status as a trust. Interproperties Holding attributes its generated results, the net losses and Income Tax credits on foreign source income, to the holders of its certificates of participation or whoever holds those rights. The review by the Tax Authority of income attributions and VAT declarations made for the years 2009 to 2012 are pending.

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

In the opinion of Management of the InRetail Group as well as its legal advisors opinion, any eventual additional tax settlement would not be significant to the consolidated financial statements as of September 30, 2013 and December 31, 2012.

### 18. Operating expenses

- (a) The table below presents the components of this caption for the nine-month periods ended September 30, 2013 and 2012:

	<b>2013</b>	<b>2012</b>
	S/.(000)	S/.(000)
Cost of sales	2,750,442	2,514,698
Selling expenses	745,865	656,498
Administrative expenses	<u>127,077</u>	<u>105,541</u>
	<u>3,623,384</u>	<u>3,276,737</u>

## Notes to the interim consolidated financial statements (continued)

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

	<b>2013</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, Note 8(a)	591,800	-	-	591,800
Purchase of goods	2,824,594	-	-	2,824,594
Final balance of goods, Note 8(a)	(704,790)	-	-	(704,790)
Impairment of inventories note 8 (c)	1,080	-	-	1,080
Cost of services	37,758	-	-	37,758
Packing and packaging	-	26,205	1,052	27,257
Personnel expenses	-	302,274	70,658	372,932
Depreciation, Note 10(d)	-	60,101	11,704	71,805
Amortization, Note 12(d)	-	3,902	2,114	6,016
Services provided by third parties (b)	-	109,241	21,461	130,702
Advertising	-	55,571	-	55,571
Rental of premises	-	74,325	6,318	80,643
Taxes	-	15,478	5,927	21,405
Provision for doubtful trade receivables, Note 7(g)	-	436	-	436
Insurance	-	5,813	389	6,202
Other charges (c)	-	92,519	7,454	99,973
	<u>2,750,442</u>	<u>745,865</u>	<u>127,077</u>	<u>3,623,384</u>

	<b>2012</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, Note 8 (a)	593,289	-	-	593,289
Purchase of merchandise	2,479,275	-	-	2,479,275
Final balance of goods, Note 8 (a)	(583,179)	-	-	(583,179)
Impairment of inventories, note 8 (c)	(3,979)	-	-	(3,979)
Cost of services	29,292	-	-	29,292
Packing and packaging	-	21,310	-	21,310
Personnel expenses	-	253,850	66,564	320,414
Depreciation, Note 10(d)	-	60,183	10,935	71,118
Amortization, Note 12(d)	-	3,194	1,385	4,579
Services provided by third parties (b)	-	98,164	14,911	113,075
Advertising	-	51,261	63	51,324
Rental of premises	-	72,597	473	73,070
Taxes	-	11,871	3,699	15,570
Provision for doubtful trade receivables, Note 7(g)	-	103	-	103
Insurance	-	4,428	266	4,694
Other charges (c)	-	79,537	7,245	86,782
	<u>2,514,698</u>	<u>656,498</u>	<u>105,541</u>	<u>3,276,737</u>



## Notes to the interim consolidated financial statements (continued)

- (b) Correspond mainly to expenses on electricity, water, telephone, premises maintenance services and transport services.
- (c) Mainly include general expenses in stores and shopping centers.

### 19. Finance costs

For the nine-month periods ended as of September 30, 2013 and 2012, this caption mainly includes interests generated by bonds issued and loans and borrowings for a total amount of approximately S/.115,096,000 and S/.106,394,000, respectively. Also, as of September 30, 2013 and December 31, 2012, there are interests payable for these obligations for approximately S/.47,448,000 and S/.14,431,000, respectively, which are recorded in the "Other payable" caption of the consolidated statements of financial position.

### 20. Transactions with related parties

- (a) The following table provides the total amount of transactions that have been entered into with related parties for the nine-month periods ended as of September 30, 2013 and 2012:

	<b>2013</b> S/.(000)	<b>2012</b> S/.(000)
<b>Income</b>		
Sales	5,707	13,323
Rental income	33,951	19,586
Rendering of services	46,246	5,680
Other	16,090	10,827
	<u>101,994</u>	<u>49,416</u>
<b>Expenses</b>		
Renting of premises and land	5,516	4,721
Reimbursements of expenses	4,514	196
Commissions	290	748
Other services	10,959	7,511
Interest	4,337	1,650
	<u>25,616</u>	<u>14,826</u>

## Notes to the interim consolidated financial statements (continued)

(b) As a result of the transactions with related companies, the InRetail Group recorded the following balances as of September 30, 2013 and December 31, 2012:

	<b>As of September 30, 2013</b>	<b>As of December 31, 2012</b>
	S/.(000)	S/.(000)
<b>Receivables</b>		
Banco Internacional del Perú S.A.A. – Interbank	6,727	5,314
Interseguro Compañía de Seguros S.A.	421	194
Cineplex S.A.	642	127
Tiendas Peruanas S.A.	3,531	632
Urbi	170	202
Intercorp Perú Ltd. (d)	-	78,479
Home Centers Peruanos S.A. (e )	13,516	11,878
Financiera Uno S.A.	39,122	-
Patrimonio Puerta del Sol	64,389	-
Others	10,634	7,651
	<u>139,152</u>	<u>104,477</u>
	<b>As of September 30, 2013</b>	<b>As of December 31, 2012</b>
	S/.(000)	S/.(000)
<b>Payables</b>		
Banco Internacional del Perú S.A.A. – Interbank:		
Credit line and others (f)	846	170
Guarantee deposit (g)	3,624	3,157
Horizonte Global Opportunities Perú S.A. (h)	30	4,429
Cineplex S.A.	17	-
Interseguro Compañía de Seguros S.A.	-	-
Intercorp Retail Inc. (i)	26,439	26,890
Tiendas Peruanas S.A.	-	-
Others	503	839
	<u>31,459</u>	<u>35,485</u>
Remunerations payable to key management (j )	2,000	1,500
	<u>33,459</u>	<u>36,985</u>
Current portion	29,835	33,828
Non-current portion	3,624	3,157
<b>Total</b>	<u>33,459</u>	<u>36,985</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.

## Notes to the interim consolidated financial statements (continued)

- (c) Outstanding balances at the year-end are unsecured and interest free, except for the financial obligations explained in this one. There have been no guarantees provided or received for any related party receivables or payables. As of September 30, 2013 and December 31, 2012, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.
- (d) As of December 31, 2012, the balance receivable from Intercorp Peru Ltd. corresponds to a loan in Nuevos soles that includes accrued interest at market rates of 5 percent annual and presents maturity in 2013. At the date of the financial statements was collected in full.
- (e) As of September 30, 2013, the balance receivable from Home Center correspond mainly to two loans in dollars and soles for approximately US\$4,193,000 (equivalent to S/.11,665,000) and S/.366,000, respectively. Such loans include interests accrued at market rates, present current maturity and have no specific guarantees.
- (f) Includes amounts payable corresponding to professional services, commissions and financial cost. Financial costs have been generated from loans received during the period, which accrued market interest rates.
- (g) Supermercados Peruanos S.A. and Banco Internacional del Perú – Interbank, signed contracts on future leases of financial stores for 15 and 7 years in October 2004 and September 2009, respectively. These contracts amount to approximately S/.27,212,000, (equivalent to approximately US\$8,000,000) and S/.14,788,000 (equivalent to approximately US\$5,016,000) which were collected in advance by Supermercados Peruanos S.A. and are presented in the “Deferred revenue” caption in the consolidated statements of financial position.

Additionally, and only in the case of the 2004 contract, Supermercados Peruanos S.A. received from Banco Internacional del Perú – Interbank US\$2,000,000 as collateral for the contract. As of September 30, 2013 and December 31, 2012, Supermercados Peruanos S.A. has credited the update of the present value of this deposit in the “Financial income” caption. As of September 30, 2013 and December 31, 2012, the net present value of the balances related to guarantee deposits amounts to S/.3,624,000 and S/.3,157,000, respectively, and is accounted for in the “Other payables” caption.

In relation to such contracts, during the periods ended September 30, 2013 Supermercados Peruanos S.A. recognized accrued renting revenue that amounted to approximately S/.2,633,000, equivalent to US\$877,000 (S/.2,873,000, equivalent to approximately US\$957,000 during the nine-month period ended September 30, 2012), which are recorded net of the renting expenses in the “Rental income” caption in the consolidated statements of income.

As of September 30, 2013 Supermercados Peruanos S.A. maintains deferred revenue that amounts to approximately S/.10,138,000 (S/.11,532,000 as of December 31, 2012) which will be recognized as income in upcoming periods.

- (h) Correspond to balances payable on land and premises renting.
- (i) As of September 30, 2013 and December 31, 2012 corresponded to the account payable for some expenses assumed by Intercorp Retail Inc. This balance did not generate interest and current maturities.

## Notes to the interim consolidated financial statements (continued)

- (j) The compensation of key management personnel of the Group for the nine-month periods ended September 30, 2013 and 2012, is detailed below:

	<b>2013</b> S/.(000)	<b>2012</b> S/.(000)
Short term employee benefits	13,024	11,853
Post-employment pension and medical benefits	668	1,045
Termination benefits	<u>14</u>	<u>692</u>
	<u>13,706</u>	<u>13,590</u>

- (k) As of September 30 2013 and December 31, 2012, the Group maintains the following balances in the cash and cash equivalent captions:

	<b>2013</b> S/.(000)	<b>2012</b> S/.(000)
Banco Internacional del Peru – Interbank S.A.A.	94,136	407,523
Inteligo Bank Ltd.	-	80,566

### Interest-bearing loans and borrowings (Note,14)

- (l) Banco Internacional del Perú – Interbank signed leasing contracts with Supermercados Peruanos S.A., Eckerd S.A. and Interproperties Holding for approximately S/.87,253,000, S/. 25,153,000 and S/.4,431,000, respectively, for the construction of new stores, Real Plaza shopping center building located in Santa Clara and working capital. These leasing contracts accrue annual interest rates that fluctuate between 4.85 and 11.43 percent, and whose maturities are between 2014 and 2019. These transaction are included in Interest-bearing loans and borrowings, see Note 13. During the nine-month periods ended September 30, 2013 and 2012, leasing contracts generated interests which are recorded in the “Financial costs” caption of the consolidated income statements.

## Notes to the interim consolidated financial statements (continued)

### 21. Earnings per share

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

The following reflects basic and diluted earnings per share computations, on a pro-forma basis, reflecting the reorganization described in Note 2 (a), as if the equity structure of the InRetail Group had been in place for all periods presented:

	<b>Ordinary shares</b>		
	<b>Outstanding shares</b>	<b>Effective days until period-end</b>	<b>Weighted average of shares</b>
<b>Number as of January 1, 2012</b>	79,248,094		79,248,094
Capital contribution	559,225	183	373,497
<b>Number as of September 30, 2012</b>	<u>79,807,319</u>		<u>79,621,591</u>
<b>Number as of January 1, 2013</b>	102,807,319		102,807,319
<b>Number as of September 30, 2013</b>	<u>102,807,319</u>		<u>102,807,319</u>
	<b>For the period ended September 30, 2013</b>		
	<b>Net income (numerator) S/.</b>	<b>Shares (denominator)</b>	<b>Earnings per share S/.</b>
<b>Basic and diluted earnings per share</b>	<u>(3,482,000)</u>	<u>102,807,319</u>	<u>(0.03)</u>
	<b>For the period ended September 30, 2012</b>		
	<b>Net income (numerator) S/.</b>	<b>Shares (denominator)</b>	<b>Earnings per share S/.</b>
<b>Basic and diluted earnings per share</b>	<u>104,723,000</u>	<u>79,621,591</u>	<u>1.32</u>

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

## Notes to the interim consolidated financial statements (continued)

### 23. Commitments and contingencies

#### Commitments –

The main commitments assumed are presented below:

- (a) As of September 30, 2013 and December 31, 2012, the Company and its Subsidiaries have signed renting contracts with third parties for the premises in which some of its stores operate. The assumed commitments correspond to fixed and/or variable monthly rents base on sales, whichever is highest.

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

- (b) As of September 30, 2013, the Company as its Subsidiaries agreed with several financial entities on the issuance joint by and severally irrevocable letters of guarantee for approximately S/.14,811,000 (S/.8,834,000 as of December 31, 2012), respectively, for compliance with the payment for purchase of goods to foreign suppliers.
- (c) During 2013 and 2012, Interproperties Holding holds a letter of guarantee, which guarantees the right and timely compliance of certain obligations related to shopping center projects.
- (d) As of September 30, 2013, Intercorp Retail Inc. (see Note 1(a)), maintains a loan granted by Intercorp Retail Trust, a non-related entity, for US\$30,000,000, which is unconditionally and irrevocable guaranteed by the Eckerd Group.

#### Contingencies –

- (a) Eckerd Amazonía S.A.C. is in the process of claim against the Tax Authority for determinations of debts and fines related to VAT for the period between January 2003 and June 2005. In opinion of Management and its legal advisors these contingencies are stated as possible and significant liabilities will not arise as result of this contingency as of September 30, 2013 and December 31, 2012.
- (b) Supermercados Peruanos S.A. is a party to tax proceedings related to Income Tax and monthly Value Added Tax presented in taxable years 2004, 2005, 2006 and 2007. As of the date of this report, Supermercados Peruanos S.A. has challenged the Tax Administration for these resolutions and, in Management's opinion and its legal advisors, significant liabilities will not arise as result of this situation as of September 30, 2013 and December 31, 2012.

### 23. Business segments

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

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

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

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

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

## Notes to the interim consolidated financial statements

As of September 30, 2013 and for the nine month periods ended September 30, 2013 and 2012, InRetail Peru Corp. is organized into three main business lines, see Note 3. Transactions between the business segments are carried out under normal commercial terms and conditions. The following table presents the financial information of InRetail Perú Corp. and subsidiaries by business segments for 2013 and 2012

	Supermarkets S/.(000)	Pharmacies S/.(000)	Shopping center S/.(000)	Total segments S/.(000)	Holding accounts, consolidation adjustments and intercompany eliminations S/.(000)	Consolidated S/.(000)
<b>As of and for the nine-month period ended September 30, 2013</b>						
<b>Revenue</b>						
External income	2,367,871	1,336,057	126,993	3,830,921	-	3,830,921
Inter-segment	7,807	8	25,004	32,819	(32,819)	-
<b>Total revenue</b>	<b>2,375,678</b>	<b>1,336,065</b>	<b>151,997</b>	<b>3,863,740</b>	<b>(32,819)</b>	<b>3,830,921</b>
Cost of sales	(1,781,179)	(931,505)	(37,758)	(2,750,442)	-	(2,750,442)
<b>Gross profit</b>	<b>594,499</b>	<b>404,560</b>	<b>114,239</b>	<b>1,113,298</b>	<b>(32,819)</b>	<b>1,080,479</b>
Other operating income	30,326	278	16,593	47,197	(179)	47,018
Selling expenses	(488,633)	(268,698)	(3,577)	(760,908)	15,043	(745,865)
Administrative expenses	(65,912)	(37,448)	(35,598)	(138,958)	11,881	(127,077)
Other operating expenses	(1,253)	-	-	(1,253)	-	(1,253)
<b>Operating profit</b>	<b>69,027</b>	<b>98,692</b>	<b>91,657</b>	<b>259,376</b>	<b>(6,074)</b>	<b>253,302</b>
Finance income	(32,704)	129	(33,957)	(66,532)	(29,537)	(96,069)
Finance costs	(53,931)	(2,192)	(49,499)	(105,622)	(23,449)	(129,071)
<b>Profit before income tax</b>	<b>(17,608)</b>	<b>96,629</b>	<b>8,201</b>	<b>87,222</b>	<b>(59,060)</b>	<b>28,162</b>
Income tax expense	4,113	(29,876)	(3,432)	(29,195)	(2,452)	(31,647)
<b>Profit for the year</b>	<b>(13,495)</b>	<b>66,753</b>	<b>4,769</b>	<b>58,027</b>	<b>(61,512)</b>	<b>(3,485)</b>
<b>Attributable to:</b>						
Owners of the parent	(13,495)	66,753	4,769	58,027	(61,509)	(3,482)
Non-controlling interests	-	-	-	-	(3)	(3)
	<b>(13,495)</b>	<b>66,753</b>	<b>4,769</b>	<b>58,027</b>	<b>(61,512)</b>	<b>(3,485)</b>

Notes to the interim consolidated financial statements (continued)

	Supermarkets S/.(000)	Pharmacies S/.(000)	Shopping center S/.(000)	Total segments S/.(000)	Holding accounts, consolidation adjustments and intercompany eliminations S/.(000)	Consolidated S/.(000)
<b>As of and for the nine-month period ended September 30, 2012</b>						
<b>Revenue</b>						
External income	2,204,660	1,182,965	97,812	3,485,437	-	3,485,437
Inter-segment	4,146	313	8,669	13,128	(13,128)	-
<b>Total revenue</b>	<b>2,208,806</b>	<b>1,183,278</b>	<b>106,481</b>	<b>3,498,565</b>	<b>(13,128)</b>	<b>3,485,437</b>
Cost of sales	(1,639,905)	(845,814)	(29,292)	(2,515,011)	313	(2,514,698)
<b>Gross profit</b>	<b>568,901</b>	<b>337,464</b>	<b>77,189</b>	<b>983,554</b>	<b>(12,815)</b>	<b>970,739</b>
Other operating income	49	178	7,222	7,449	(1,077)	6,372
Selling expenses	(448,021)	(209,408)	(3,137)	(660,566)	4,068	(656,498)
Administrative expenses	(57,017)	(37,052)	(16,851)	(110,920)	5,379	(105,541)
Other operating expenses	(955)	(411)	(6)	(1,372)	-	(1,372)
<b>Operating profit</b>	<b>62,957</b>	<b>90,771</b>	<b>64,417</b>	<b>218,145</b>	<b>(4,445)</b>	<b>213,700</b>
Finance income	27,044	1,178	25,929	54,151	13,424	67,575
Finance costs	(53,097)	(385)	(43,556)	(97,038)	(23,058)	(120,096)
<b>Profit before income tax</b>	<b>36,904</b>	<b>91,564</b>	<b>46,790</b>	<b>175,258</b>	<b>(14,079)</b>	<b>161,179</b>
Income tax expense	(12,248)	(27,542)	(12,559)	(52,349)	(4,102)	(56,451)
<b>Profit for the year</b>	<b>24,656</b>	<b>64,022</b>	<b>34,231</b>	<b>122,909</b>	<b>(18,181)</b>	<b>104,728</b>
<b>Attributable to:</b>						
Owners of the parent	24,656	64,022	34,231	122,909	(18,186)	104,723
Non-controlling interests	-	-	-	-	5	5
	<b>24,656</b>	<b>64,022</b>	<b>34,231</b>	<b>122,909</b>	<b>(18,181)</b>	<b>104,728</b>



## Notes to the interim consolidated financial statements

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

### **Geographic information-**

As of September 30, 2013 and December 31, 2012, the operations of all the Subsidiaries of the Company are concentrated in Peru, therefore, there are no revenues from external customers, or assets located in a foreign country as of those dates.

### **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 of settlement value.

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

- (a) Financial instruments whose fair value is similar to book value –  
Assets and liabilities that are liquid or have short maturities (less than three months), such as cash and short-term deposits, trade and other receivables, trade and other payables and other current liabilities, approximate to their carrying amounts largely due to the short-term maturities of these instruments. Also, the derivative instrument by the Group is recorded at fair value.
- (b) Fixed-rate financial instruments –  
The fair value of financial assets and liabilities at fixed interest rates and amortized cost is determined by comparing market interest rates at their initial recognition to current market rates related to similar financial instrument. The estimated fair value of interest-bearing deposits is determined through discounted cash flows by using market interest rates in the prevailing currency with similar maturities and credit risks.
- (c) Available-for-sale investment –  
Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available. Fair value of unquoted available-for-sale financial assets is estimated using a discounted cash flow technique.

## Notes to the interim consolidated financial statements (continued)

### **Fair value hierarchy –**

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

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

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

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

The InRetail Group does not maintain any financial instrument with fair value determination under level 3 and there were no transfers between levels during the nine-month periods ended September 30, 2013 and for the year ended December 31, 2012. The InRetail Group maintains the following financial instruments at fair value:

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

### **25. Transactions in foreign currency**

Transactions in foreign currency are carried out using exchange rates prevailing in the market as published by the Superintendency of Banks, Insurance and Pension Funds Administration. As of September 30, 2013, the weighted average exchange rates in the market for transactions in US Dollars were S/.2.781 per US\$ 1.00 bid and S/. 2.782 per US\$ 1.00 ask (S/.2.549 and S/.2.551 per US\$1.00 for bid and ask as of December 31, 2012).

## Notes to the interim consolidated financial statements (continued)

As of September 30, 2013 and December 31, 2012, The InRetail Group held the following foreign currency assets and liabilities:

	<b>As of September 30, 2013</b>	<b>As of December 31, 2012</b>
	US\$(000)	US\$(000)
<b>Assets</b>		
Cash and short-term deposits	2,982	4,594
Available-for-sale investment	14,470	10,115
Investment at fair value through profit or loss	55,343	-
Trade receivables, net	337	942
Other receivables, net	7,953	8,211
Accounts receivable from related parties	2,434	6
	<u>83,519</u>	<u>23,868</u>
<b>Liability</b>		
Trade payables	(21,169)	(20,558)
Other payables	(11,768)	(3,620)
Accounts payable to related parties	(5,925)	(2,194)
Interest - bearing loans and borrowings	(493,937)	(530,218)
	<u>(532,799)</u>	<u>(556,590)</u>
<b>Currency swap transactions-Short position</b>	7,005	7,005
<b>Net liability position</b>	<u>(442,275)</u>	<u>(525,717)</u>

As of September 30, 2013 and December 31, 2012, the InRetail Group has decided to accept its exchange rate risk and so it has not performed, at these dates, any hedging of exchange rate risk with the exception of a hedging operation help by Supercor S.A. which relates to a currency swap written over its subordinated bonds ("Bonos Subordinados-Segunda Emision"), which has qualified as an effective hedging instrument. The net position in derivatives related to the currency swap agreements corresponds to exchange operations (Nuevos soles exchanged for US\$ dollars) with notional amounts of approximately US\$7,005,000.

### 26. Additional explanation for English translation

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