

**InRetail Perú Corp. and Subsidiaries**

Interim unaudited consolidated financial statements as of March, 31, and for the three-month periods ended March 31, 2013 and 2012

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### **Contents**

#### **Interim consolidated financial statements**

Interim consolidated statements of financial position

Interim consolidated income statements

Interim consolidated statements of comprehensive income

Interim consolidated statements of changes in equity

Interim consolidated statements of cash flows

Notes to the interim consolidated financial statements

## InRetail Perú Corp. and subsidiaries

### Interim consolidated statement of financial position

As of March 31, 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	520,592	541,864	Trade payables	13	1,009,813	1,035,307
Investments measured at fair value	6	279,237	555,023	Other payables		187,396	162,642
Trade receivables	7	68,239	72,313	Interest-bearing loans and borrowings	14	65,485	73,938
Other receivables		19,519	35,459	Accounts payable to related parties	21(b )	28,349	33,828
Accounts receivables from related parties	21 (b)	119,481	104,477	Current income tax	16(b )	5,231	25,122
Inventories, net	8	612,251	601,962	Bonds payables	15	9,771	9,771
Available-for-sale investments	9	40,173	28,319	Deferred revenue		3,019	2,989
Prepayments		31,826	30,942	<b>Total current liabilities</b>		1,309,064	1,343,597
Tax recoverable		89,400	48,456	Interest-bearing loans and borrowings	14	1,357,570	1,319,417
<b>Total current assets</b>		<b>1,780,718</b>	<b>2,018,815</b>	Accounts payable to related parties	21(b )	3,259	3,157
<b>Non-current assets</b>				Bonds payable	15	267,348	264,422
Other receivables, net		6,277	7,430	Derivative financial instrument		4,725	4,995
Prepayments		19,225	17,641	Deferred revenue		20,337	20,908
Property, furniture and equipment, net	10	1,862,452	1,763,538	Deferred income tax liabilities	16	197,353	193,258
Investments properties	11	1,261,214	1,104,261	<b>Total non-current liabilities</b>		1,850,592	1,806,157
Intangible assets, net	12	1,143,251	1,136,720	<b>Total liabilities</b>		3,159,656	3,149,754
Other assets		278	1,970	<b>Equity</b>			
<b>Total non-current assets</b>		<b>4,292,697</b>	<b>4,031,560</b>	Capital stock	17	2,138,566	2,138,566
<b>Total assets</b>				Additional paid in capital		549,897	551,209
		<b>6,073,415</b>	<b>6,050,375</b>	Unrealized results on financial instruments		196	374
				Retained earnings		224,980	210,353
				<b>Equity attributable to owners of the parent</b>		2,913,639	2,900,502
				Non-controlling interests		120	119
				<b>Total equity</b>		2,913,759	2,900,621
				<b>Total liabilities and equity</b>		6,073,415	6,050,375

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

## InRetail Perú Corp. and Subsidiaries

### Interim consolidated Income statement

For the three-month periods ended March 31, 2013 and 2012

	Note	2013 S/.(000)	2012 S/.(000)
Net sales of goods		1,179,772	1,101,294
Rental income		33,401	24,289
Rendering of services		20,202	10,972
<b>Revenue</b>		<u>1,233,375</u>	<u>1,136,555</u>
Cost of sales	19	(882,132)	(823,570)
<b>Gross profit</b>		<u>351,243</u>	<u>312,985</u>
Other operating income		12,258	851
Selling expenses	19	(242,721)	(208,803)
Administrative expenses	19	(39,606)	(35,931)
Other operating expenses		(191)	(745)
<b>Operating profit</b>		<u>80,983</u>	<u>68,357</u>
Finance income		8,290	19,080
Finance costs	20	(61,665)	(37,515)
<b>Profit before income tax</b>		<u>27,608</u>	<u>49,922</u>
Income tax expense	16	(12,980)	(16,792)
<b>Profit for the period</b>		<u>14,628</u>	<u>33,130</u>
<b>Attributable to:</b>			
Owners of the parent		14,627	32,769
Non-controlling interests		1	361
		<u>14,628</u>	<u>33,130</u>
<b>Earnings per share:</b>	22		
Basic and diluted profit for the period attributable to ordinary equity holders of the parent		<u>0.14</u>	<u>0.41</u>

All items above are related to continuing operations

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

## InRetail Perú Corp. and Subsidiaries

Interim consolidated statement of comprehensive income  
For the three-month periods ended March 31, 2013 and 2012

	Note	2013 S/.(000)	2012 S/.(000)
<b>Profit for the period</b>		14,628	33,130
<b>Other comprehensive income</b>			
Unrealized gain on available-for-sale investments		(146)	2,767
Transfer of the realized gain on available-for-sale investments to the profit for the period		-	-
Unrealized gain on hedging derivative financial instrument		43	(830)
Income tax effect		-	-
		<u>(103)</u>	<u>1,937</u>
Loss on hedging derivative financial instrument		4	454
Restructuring adjustment			
Income tax effect		(79)	(136)
		<u>(75)</u>	<u>318</u>
<b>Other comprehensive income for the period, net of income tax effects</b>		<u>(178)</u>	<u>2,255</u>
<b>Total comprehensive income for the period</b>		<u>14,450</u>	<u>35,385</u>
<b>Attributable to:</b>			
Owners of the parent		14,449	34,944
Non-controlling interests		1	441
		<u>14,450</u>	<u>35,385</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 three-month periods ended March 31, 2013 and 2012

	<b>Capital stock</b>	<b>Additional paid in capital</b>	<b>Restructuring adjustment</b>	<b>Unrealized results on financial instruments</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	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					32,769	32,769	361	33,130
Other Comprehensive income				2,175	-	2,175	80	2,255
<b>Total comprehensive income</b>	-	-	-	2,175	32,769	34,944	441	35,385
Capital contribution	-	-				-	-	-
Dividends					-	-	-	-
Deemed distribution		-			-	-	-	-
Other					-	-	-	-
<b>As of March 31, 2012</b>	1,306,455	122,019	-	4,292	332,237	1,765,003	2,212	1,767,215
<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					14,627	14,627	1	14,628
Other comprehensive income				(178)		(178)	-	(178)
				(178)	14,627	14,449	1	14,450
Capital contribution for reorganization	-	-	-	-	-	-	-	-
Capital contribution	-	-				-	-	-
Expenses related to the share issuance	-	(1,312)			-	(1,312)		(1,312)
Dividends					-	-	-	-
Other	-		-		-	-	-	-
<b>As of March 31, 2013</b>	2,138,566	549,897	-	196	224,980	2,913,639	120	2,913,759

The accompanying notes are an integral part of these consolidated statements

## InRetail Perú Corp. and Subsidiaries

### Interim consolidated statement of cash flows

For the three-month periods ended March 31, 2013 and 2012

	2013 S/.(000)	2012 S/.(000)
<b>Operating activities</b>		
Profit net	14,628	33,130
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Allowance for doubtful accounts receivable, net of recoveries	1,792	496
Depreciation of property, furniture and equipment	22,758	24,965
Amortization of intangible assets	1,894	1,572
Provision for inventory impairment, net of recoveries	268	1,770
Loss on disposal of property, furniture and equipment and intangible assets	189	(2,495)
Gain on valuation of investment properties	(1,845)	(970)
Deferred income	(992)	(1,138)
Finance costs	-	-
Finance income	-	-
Other	14,615	(15,998)
<b>Working capital adjustments</b>		
Decrease (increase) in trade receivables	2,282	8,870
Increase in other receivables	45,053	11,172
Decrease (increase) in inventory	(10,557)	(10,463)
Increase in prepayments	(2,468)	(9,101)
Increase in taxes recoverable	(40,944)	10,563
Increase in trade payables	(25,494)	(34,803)
Increase (decrease) Deferred income	-	-
Increase (decrease) in other payables	(20,954)	47,040
	<u>(14,403)</u>	<u>31,480</u>
<b>Net cash flows from operating activities</b>	<u>225</u>	<u>64,610</u>
<b>Investing activities</b>		
Sale of property, furniture and equipment, net of	-	-
Purchase of property, furniture and equipment, net of acquisitions through leasing contracts	(87,881)	(100,859)
Sales or loss on disposal of intangible assets	-	(237)
Purchase and development of intangible assets	(8,425)	(5,985)
Purchase of investment properties	(155,108)	(21,631)
Purchase of available for sale investment	(11,946)	-
Proceeds from loan related parties	(10,381)	(749)
Proceeds from available-for-sale investments	275,786	20,000
<b>Net cash flows used in investing activities</b>	<u>2,045</u>	<u>(109,461)</u>

## Interim consolidated statement of cash flows (continued)

	<b>2013</b> S/.(000)	<b>2012</b> S/.(000)
<b>Financing activities</b>		
Proceeds from interest-bearing loans and borrowings	-	-
Capital contribution	-	-
Expenses related to the share issuance	(1,312)	-
Repayment of interest-bearing loans and borrowings	(22,230)	(8,076)
Deemed distribution	-	-
Repayment of bonds payable	-	-
Interest paid	-	-
Dividends	-	-
<b>Net cash flows (used in) from financing activities</b>	<u>(23,542)</u>	<u>(8,076)</u>
Net (decrease) increase of cash and short-term deposits	<u>(21,272)</u>	<u>(52,927)</u>
<b>Cash and short-term deposits at the beginning of the period</b>	541,864	325,722
<b>Cash and short-term deposits at the end of the period</b>	<u>520,592</u>	<u>272,795</u>

The accompanying notes are an integral part of these consolidated statements

## Notes to the interim consolidated financial statements

### InRetail Perú Corp. and Subsidiaries

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

As of March 31, 2013 (unaudited) December 31, 2012 (audited) and March 31, 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 March 31, 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) below, as of March 31, 2013, the percentages of ownership are:

Owner	Percentage of Ownership %
Intercorp Retail Inc.	58.04
Intercorp Perú Ltd.	3.26
NG Pharma Corp.	6.30
Intercorp Financial Services Inc.	2.33
Inteligo Bank	8.03
Interseguro Compañía de Seguros S.A.	0.09
Others	21.95
	<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 March 31, 2013 and for the three-month periods ended March 31, 2013 were approved by the Board of Directors on April 30, 2013.

## Notes to the interim consolidated financial statements

### (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 March 31, 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 Veá 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

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 March 31, 2013 and December 31, 2012, and for the three month ended as of March 31, 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

### 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 March 31, 2013, it owns 49 hypermarkets that operate under the "Plaza Veá" brand, 31 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., those subsidiaries represent the 0.13 percent of the total assets of Supermercados Peruanos S.A. as of March 31, 2013.

(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 March 31, 2013, it operated 613 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 March 31, 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 99.99 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 99.99 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

### 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

### 5. Cash and short-term deposits

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

	<b>As of March 31, 2013</b>	<b>As of December 31, 2012</b>
	S/(000)	S/(000)
Cash (b )	13,162	12,341
Current accounts (c )	97,139	449,589
Time deposits (d )	409,536	53,434
Other	755	26,500
<b>Total</b>	<b>520,592</b>	<b>541,864</b>

(b) The balance as of March 31, 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 March 31, 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 2.80 to 3.00 percent in 2013 and from 3.80 to 3.95 percent in 2012. Time deposits outstanding at March 31, 2013, matured in full during April 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>2,013</b>	<b>2,012</b>
	S/(000)	S/(000)
Fund managed by Interfondo S.A.SAF	57,244	184,355
Fund managed by Credifondo S.A.SAF	139,768	138,744
Fund managed by Scotia Fondos SAF	82,225	132,115
Fund managed by BBVA Asset Management Continental S.A. SAF	-	99,809
<b>Total</b>	<b>279,237</b>	<b>555,023</b>

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.

## Notes to the interim consolidated financial statements

### 7. Trade receivables, net

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

	As of March 31, 2013 S/(000)	As of December 31, 2012 S/(000)
Trade accounts receivable (c)	33,334	38,846
Rent receivable (d)	11,910	12,792
Merchandise vouchers (e)	20,007	13,737
Provisión for accrued revenue (f)	5,859	8,087
Others	600	1,963
<b>Total</b>	<b>71,710</b>	<b>75,425</b>
Provision for doubtful accounts (g)	(3,471)	(3,112)
	<b>68,239</b>	<b>72,313</b>

- (b) Trade receivables are denominated in Nuevos Soles, have current maturity and do not bear interest.
- (c) Corresponds mainly to (i) pending deposits in favor of Supermercados Peruanos and Eckerd group for the last day of the month, respectively, held by credit card operators and originated from the sales of goods with credit cards in the different stores of Supermercados Peruanos S.A. and Eckerd Group and (ii) trade accounts receivable from corporate sales.
- (d) Correspond to accounts receivable for the lease of commercial premises to concession holders inside the stores of Supermercados Peruanos S.A. and the accounts receivable for the rental income of Interproperties Holding.
- (e) Correspond mainly to the balance receivable from the sale of merchandise vouchers to various companies and public institutions. At the date of this report, these balances are mostly collected.
- (f) As of March 31, 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.
- (g) Movements in the provision for doubtful accounts receivable for the periods ended March 31, 2013 and 2012, were as follows:

	2,013 S/(000)	2,012 S/(000)
<b>Balance at the beginning of the year</b>	3,112	2,230
Acquisition of subsidiaries	-	-
Provision recognized as year expense, Note 18 (a)	1,792	496
Write offs and recovery's	(1,433)	(643)
<b>Balance at the end of the period</b>	<b>3,471</b>	<b>2,083</b>
<b>Balance as of December 31,2012</b>		<b>3,112</b>

## Notes to the interim consolidated financial statements

As of March 31, 2013 and December 31, 2012, the balance of the trade receivable amounts to approximately S/.71,710,000 and S/.75,425,000,000 respectively, out of which approximately S/.3,471,000 and S/.3,112,000 were provisioned for at those dates. Likewise, the amount of non impaired past due trade receivables amounted to S/.19,721,000 and S/.22,293,000, respectively.

In the opinion of Management of the InRetail Group, the provision for doubtful accounts receivable as of March 31, 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 March 31, 2013</b>	<b>As of December 31, 2012</b>
	S/(000)	S/(000)
Goods	593,867	591,800
In transit inventories (b)	15,255	8,038
Miscellaneous supplies	6,215	5,776
<b>Total</b>	<b>615,337</b>	<b>605,614</b>
<b>Minus</b>		
Provision for impairment of inventories (c)	(3,086)	(3,652)
<b>Total</b>	<b>612,251</b>	<b>601,962</b>

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

(c) The movement in the provision for inventory impairment for the three month periods ended March 31, 2013 and 2012, was as follows:

	<b>2,013</b>	<b>2,012</b>
	S/(000)	S/(000)
<b>Balance at the beginning of the year</b>	3,652	4,020
Acquisition of subsidiaries	-	-
Provision of the period, Note 19(a)	268	1,770
Write-off	(1,620)	(3,336)
Recovery	786	
<b>Balance at the end of the period</b>	<b>3,086</b>	<b>2,454</b>
<b>Balance as of december 31, 2012</b>		<b>3,652</b>

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.

### 9. Available-for-sale investment

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

## Notes to the interim consolidated financial statements

	<b>As of March 31, 2013</b>	<b>As of December 31, 2012</b>
	S/(000)	S/(000)
<b>Balance at the beginning of the year</b>	28,319	70,628
Acquisition of corporate bond (b )	11,937	-
Sales of corporate bond (b )	-	(45,950)
Unrealized results	(83)	3,641
<b>Balance at the end of the period</b>	<b>40,173</b>	<b>28,319</b>

- (b) Correspond to the acquisition of bonds issued abroad in November 2011 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.

## Notes to the interim consolidated financial statements

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

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

	<b>As of March 31, 2013</b>	<b>As of December 31, 2012</b>
	S/.(000)	S/.(000)
<b>Cost</b>		
<b>Initial balance</b>	2,236,366	1,906,989
Additions ( b )	134,836	342,142
Disposals and/or sales ( c )	(14,832)	(12,765)
Transfer to investment properties, note	-	-
<b>Final balance</b>	<u>2,356,370</u>	<u>2,236,366</u>
<b>Accumulated depreciation</b>		
<b>Initial balance</b>	472,828	391,817
Additions ( d )	22,758	91,615
Disposals and/or sales	(1,668)	-10,604
<b>Final balance</b>	<u>493,918</u>	<u>472,828</u>
<b>Net book value</b>	<u>1,862,452</u>	<u>1,763,538</u>

(b) Additions for the three-month periods ended March 31, 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 three-month periods ended March 31, 2013 and 2012, was recorded as follows in the income statements:

	<b>2013</b>	<b>2012</b>
	S/.(000)	S/.(000)
Sales expenses, Note 19 ( a )	19,610	20,641
Administrative expenses, Note 19 ( a )	3,148	4,324
<b>Balance as of March 31</b>	<u>22,758</u>	<u>24,965</u>
<b>Balance as of December 31, 2012</b>		<u>91,615</u>

## Notes to the interim consolidated financial statements

- (e) As of March 31, 2013, Supermercados Peruanos S.A. has mortgaged land lots, buildings and facilities for a net book value of S/.247,805,000 (S/.247,362,000 as of December 31, 2012), as collateral over the issuance of the bonds class A, series 1 and 2 (see Note 15) and the leasing contracts (see Note 14).
- (f) As of March 31, 2013, the cost and corresponding accumulated depreciation of assets acquired through finance leases amount to approximately S/294,286,000 and S/.28,585,000 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.

### 11. Investment properties

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

	As of March 31, 2013 S/. (000)	As of December 31, 2012 S/. (000)
Real Plaza Primavera shopping center (ii)	209,239	207,558
Real Plaza Trujillo shopping center (ii)	125,619	124,665
Real Plaza Chiclayo shopping center (ii)	149,255	140,613
Real Plaza Huancayo shopping center (i) and (ii)	86,142	85,874
Real Plaza Arequipa shopping center (i) and (ii)	66,607	67,173
Real Plaza Cuzco Project	82,255	61,441
Real Plaza Huanuco Project	64,144	57,532
Real Plaza Salaverry Project	28,188	25,460
Real Plaza Cajamarca Project	47,370	31,599
Real Plaza Santa Clara - Altamirano	19,414	36,584
Real Plaza Chorrillos shopping center (ii)	43,030	42,502
Real Plaza Juliaca shopping center (i) and (ii)	59,548	59,110
Real Plaza Pro shopping center (ii)	44,021	43,533
Jr. de la Unión stores	18,289	21,579
Real Plaza Santa Clara shopping center (ii)	19,414	19,074
Real Plaza Nuevo Chimbote shopping center (i) and (ii)	11,551	5,516
Other	187,128	74,448
	1,261,214	1,104,261

- (i) For Huancayo, Arequipa, Juliaca and Nuevo Chimbote 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 10 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

(b) The movement of this account for three month periods ended March 31, 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	155,108	21,631
Fair value adjustment	1,845	970
Transfer from property, furniture and equipment; Note 10(a)	-	22,265
<b>Balance at the end of the period</b>	<u>1,261,214</u>	<u>805,935</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 March 31, 2013, some of the investment properties guarantee the debt to Deutsche Bank, Note 14(d). At such date, the book value of these investment properties amounts to approximately S/.890,340,000 (S/.866,573,000 as of December 31,2012).

## Notes to the interim consolidated financial statements

### 12. Intangible assets, net

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

	<b>As of March 31, 2013</b>	<b>As of December 31, 2012</b>
	S/.(000)	S/.(000)
<b>Cost</b>		
<b>Initial balance</b>	1,171,251	1,144,401
Additions ( c )	8,819	26,850
Disposal and/or sales	(397)	-
<b>Final balance</b>	<u>1,179,673</u>	<u>1,171,251</u>
<b>Accumulated amortization</b>		
<b>Initial balance</b>	34,531	27,823
Additions ( d )	1,894	6,708
Disposals and/or sales	(3)	-
<b>Final Balance</b>	<u>36,422</u>	<u>34,531</u>
<b>Net, book value</b>	<u>1,143,251</u>	<u>1,136,720</u>

(b) As of March 31, 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 March 31, 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 three-month periods ended March 31, 2013 and December 31, 2012 has been recorded in the following items of the combined statements:

	<b>2013</b>	<b>2012</b>
	S/.(000)	S/.(000)
Sales expenses, Note 19 ( a )	1,279	1,018
Administrative expenses, Note 19 ( a )	615	554
<b>Balance as of March 31</b>	<u>1,894</u>	<u>1,572</u>
<b>Balance as of december 31, 2012</b>		<u>6,708</u>

## Notes to the interim consolidated financial statements

### 13. Trade payables

The table below presents the composition of this caption:

	As of March 31, 2013 S/(000)	As of December 31, 2012 S/(000)
Bills payable for purchase of goods	880,584	886,865
Bill payable for commercial services	129,229	148,442
<b>Total</b>	<u>1,009,813</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.

### 14. Interest-bearing loans and borrowings

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

	As of March 31, 2013 S/(000)	As of December 31, 2012 S/(000)
<b>By type:</b>		
Leasings		
Related entities, Note 21(l)	164,214	97,945
Non-related entities	86,980	139,264
Promissory notes and loans (b) -		
Related entities, Note 21(m)	-	-
Non-related entities	27,636	27,856
Foreign loans (c) and (d)	1,129,865	1,111,915
Other obligations to third parties (e)	14,360	16,375
<b>Total</b>	<u>1,423,055</u>	<u>1,393,355</u>
<b>By term:</b>		
Current portion	65,485	73,938
Non - current portion	<u>1,357,570</u>	<u>1,319,417</u>
	<u>1,423,055</u>	<u>1,393,355</u>

## Notes to the interim consolidated financial statements

- (b) Promissory notes and bank loans are used to fund working capital and do not have any specific guarantee. Leasing operations are guaranteed by the assets related to them; see Note 10(f). Such obligations do not have any special conditions that must be complied (covenants), or restrictions affecting the operations of the InRetail Group.
- (c) 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.

- (d) Foreign loans caption includes loans granted by Deutsche Bank AG, London Branch in November 2011 to Interproperties Holding, which balances as of March 31, 2013 and December 31, 2012 amounts to approximately S/.463,049,000 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).

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.

- (e) 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.
- (f) During the three-month periods ended March 31, 2013 and 2012, loans and borrowings accrued interest which is recorded in the "Finance costs" caption of the consolidated income statements, see Note 20. Also, as of March 31, 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 20.
- (g) Some of the interest-bearing loans and borrowing include standard clauses requiring the InRetail Group to meet financial ratios, use of funds criteria and other administrative matters. Management's opinion, as of March 31, 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

### 15. Bonds payable

(a) The table below presents the composition of bonds issued:

	As of March 31, 2013 S/(000)	As of December 31, 2012 S/(000)
<b>By type:</b>		
Subordinated bonds ( b )	70,744	70,022
Corporate bonds ( c ) ( d )	<u>206,375</u>	<u>204,171</u>
	<u>277,119</u>	<u>274,193</u>
<b>By term:</b>		
Current portion	9,771	9,771
Non - current portion	<u>267,348</u>	<u>264,422</u>
	<u>277,119</u>	<u>274,193</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 Supermercados Peruanos S.A. up to maximum of US\$30,000,000 or its equivalent in Nuevos Soles. The maximum amount of the program is revolving, which means that the total amount of issuances approved can exceed the aforementioned amount as long as the total debit balance is lower than the amount of the program.

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

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

(c) As of March 31, 2013 and December 31, 2012, the Company and Subsidiaries has outstanding corporate bonds for S/.206,375,000 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 2015 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.

(e) During the three-month periods ended March 31, 2013 and 2012, bonds issued accrued interest which is recorded in the "Financial costs" caption of the consolidated income statements. Also, as of March 31, 2013 and December 31, 2012, there is a balance of interest payable which is recorded in the "Other payables" caption of the consolidated statements of financial position, see note 20.

## Notes to the interim consolidated financial statements

- (f) Some of the bonds issued include standard clauses requiring the InRetail Group to meet financial ratios, use of funds criteria and other administrative matters. In Management's opinion, as of March 31, 2013 and December 31, 2012, said standard clauses do not limit the normal operation of the Group and have been fulfilled.

### 16. Deferred income tax

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

Statements of financial position	Deferred liability	
	As of March 31, 2013 S/. (000)	As of December 31, 2012 S/.(000)
Deferred income tax asset	12,134	30,627
Deferred income tax liabilities	<u>(209,487)</u>	<u>(223,885)</u>
Deferred income tax liability, net	<u>(197,353)</u>	<u>(193,258)</u>
Statements of comprehensive income	Income tax for the three month periods ended March 31, 2013 and 2012	
	2013 S/. (000)	2012 S/.(000)
Current	(13,171)	(15,369)
Deferred	<u>191</u>	<u>(1,423)</u>
	<u>(12,980)</u>	<u>(16,792)</u>

- (b) As of March 31, 2013 and December 31, 2012 the provision for current income tax payable, net of advanced payments amounts to approximately S/.5,231,000 and S/.25,122,000, respectively.

## Notes to the interim consolidated financial statements

### 17. 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 March 31, 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 combined 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 during the three month period ended March 31, 2013 and the year ended 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

### 18. 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 March 31, 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.
- (b) For purposes of determining the Income Tax and Value Added Tax, transfer pricing of transactions with related companies and companies domiciled in territories with low or no taxation must be supported with documentation and information on assessment methods applied and criteria considered. Based on the analysis of the operations of the Group, Management and its legal advisors consider that as consequence of the application of the regulation in force, there will not emerge any significant contingencies for the Group as of March 31, 2013 and December 31, 2012.

## Notes to the interim consolidated financial statements

- (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 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 2008 to 2012	From 2008 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 March 31, 2013 and December 31, 2012.

### 19. Operating expenses

- (a) The table below presents the components of this caption for the three-month periods ended March 31, 2013 and 2012:

	<b>2013</b>	<b>2012</b>
	S(000)	S(000)
Cost of sales	882,132	823,570
Selling expenses	242,721	208,803
Administrative expenses	39,606	35,931
	<u>1,164,459</u>	<u>1,068,304</u>

## Notes to the interim consolidated financial statements

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>
	\$(000)	\$(000)	\$(000)	\$(000)
Initial balance of goods, Note 8(a)	591,800	-	-	591,800
Purchase of goods	872,531	-	-	872,531
Final balance of goods, Note 8(a)	(593,867)	-	-	(593,867)
Impairment of inventories note 8 (c )	268	-	-	268
Cost of services	11,400	-	-	11,400
Packing and packaging	-	8,421	80	8,501
Personnel expenses	-	96,796	22,508	119,304
Depreciation, Note 10(d)	-	19,610	3,148	22,758
Amortization, Note 12(d)	-	1,312	582	1,894
Services provided by third parties (b )	-	31,306	6,769	38,075
Advertising	-	17,770	30	17,800
Rental of premises	-	21,043	1,442	22,485
Taxes	-	5,029	2,272	7,301
Provision for doubtful trade receivables, Note 7(g)	-	200	1,592	1,792
Insurance	-	1,668	394	2,062
Other charges (c)	-	39,566	789	40,355
	<b>882,132</b>	<b>242,721</b>	<b>39,606</b>	<b>1,164,459</b>

  

	<b>2012</b>			
	<b>Cost of sales</b>	<b>Selling expenses</b>	<b>Administrative expenses</b>	<b>Total</b>
	\$(000)	\$(000)	\$(000)	\$(000)
Initial balance of goods, Note 8 (a)	593,289	-	-	593,289
Purchase of merchandise	829,667	-	-	829,667
Final balance of goods, Note 8 (a)	(610,526)	-	-	(610,526)
Impairment of inventories, note 8 (c )	1,770	-	-	1,770
Cost of services	9,370	-	-	9,370
Packing and packaging	-	6,137	-	6,137
Personnel expenses	-	79,575	19,462	99,037
Depreciation, Note 10(d)	-	20,641	4,324	24,965
Amortization, Note 12(d)	-	1,018	554	1,572
Services provided by third parties (b )	-	31,459	4,816	36,275
Advertising	-	17,364	73	17,437
Rental of premises	-	14,548	2,220	16,768
Taxes	-	4,411	1,959	6,370
Provision for doubtful trade receivables, Note 7(g)	-	-	496	496
Insurance	-	1,250	291	1,541
Other charges (c)	-	32,400	1,736	34,136
	<b>823,570</b>	<b>208,803</b>	<b>35,931</b>	<b>1,068,304</b>

## Notes to the interim consolidated financial statements

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

### 20. Finance costs

For the three-month periods ended as of March 31, 2013 and 2012, this caption mainly includes interests generated by bonds issued and loans and borrowings for a total amount of approximately S/.35,852,000 and S/.34,164,000, respectively. Also, as of March 31, 2013 and December 31, 2012, there are interests payable for these obligations for approximately S/.44,730,000 and S/.18,913,000, respectively, which are recorded in the "Other payable" caption of the consolidated statements of financial position.

### 21. Transactions with related parties

- (a) The following table provides the total amount of transactions that have been entered into with related parties for the three-month periods ended as of March 31, 2013 and 2012:

	<b>2013</b> S(000)	<b>2012</b> S(000)
<b>Income</b>		
Sales	2,991	6,215
Rental income	5,117	-
Rendering of services	2,535	289
Other	<u>1,537</u>	<u>2,581</u>
	<u>12,180</u>	<u>9,085</u>
<b>Expenses</b>		
Renting of premises and land	2,084	1,223
Reimbursements of expenses	464	1,285
Commissions	681	153
Other services	1,174	6
Interest	<u>1,172</u>	<u>536</u>
	<u>5,575</u>	<u>3,203</u>

## Notes to the interim consolidated financial statements

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

	<b>As of March 31, 2013</b>	<b>As of December 31, 2012</b>
	S(000)	S(000)
<b>Receivables</b>		
Banco Internacional del Perú S.A.A. – Interbank	4,923	5,314
Interseguro Compañía de Seguros S.A.	174	194
Cineplex S.A.	775	127
Tiendas Peruanas S.A.	2,680	632
Urbi (c)	179	202
Intercorp Perú Ltd. (d)	79,460	78,479
Home Centers Peruanos S.A. (e )	14,701	11,878
Financiera Uno S.A.	12,341	-
Other	4,248	7,651
	<u>119,481</u>	<u>104,477</u>
	<b>2,013</b>	<b>2012</b>
	S(000)	S(000)
<b>Por pagar</b>		
	-	-
Banco Internacional del Perú S.A.A. – Interbank:		
Líneas de crédito y otros (f)	207	170
Depósito en garantía (g)	3,259	3,157
Horizonte Global Opportunities Perú S.A. (h)	452	4,429
Cineplex S.A.	63	-
Intercorp Retail Inc. (i)	26,424	26,890
Otros	153	839
	<u>30,558</u>	<u>35,485</u>
Remuneraciones al personal clave (j)	1,050	1,500
	<u>31,608</u>	<u>36,985</u>
Corriente	28,349	33,828
No corriente	3,259	3,157
<b>Total</b>	<u>31,608</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

- (c) Outstanding balances at the year-end are unsecured and interest free, except for the financial obligations explained in this one. There have been no guarantees provided or received for any related party receivables or payables. As of March 31, 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 March 31, 2013, 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.
- (e) As of March 31, 2013, the balance receivable from Home Center corresponds to two loans in dollars and soles for approximately US\$4,193,000 (equivalent to S/.10,687,000) 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 March 31, 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 March 31, 2013 and December 31, 2012, the net present value of the balances related to guarantee deposits amounts to S/.3,259,000 and S/.3,157,000, respectively, and is accounted for in the “Other payables” caption.

In relation to such contracts, during the periods ended March 31, 2013 Supermercados Peruanos S.A. recognized accrued renting revenue that amounted to approximately S/.897,000, equivalent to US\$299,000 (S/.979,000, equivalent to approximately US\$326,000 during the three-month period ended March 31, 2012), which are recorded net of the renting expenses in the “Rental income” caption in the consolidated statements of income.

As of March 31, 2013 Supermercados Peruanos S.A. maintains deferred revenue that amounts to approximately S/.10,931,000 (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 March 31, 2013 and December 31, 2012 corresponded to the account payable for some expenses assumed by Intercorp Retail Inc. This balance did not generate interest.

## Notes to the interim consolidated financial statements

- (j) The compensation of key management personnel of the Group for the three-month periods ended March 31, 2013 and 2012, is detailed below:

	<b>2013</b> S(000)	<b>2012</b> S(000)
Short term employee benefits	4,503	19,102
Post-employment pension and medical benefits	364	1,856
Termination benefits	<u>0</u>	<u>650</u>
	<u>4,867</u>	<u>21,608</u>

- (k) As of March 31 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.	351,771	82,344

- (l) Banco Internacional del Perú – Interbank signed leasing contracts with Supermercados Peruanos S.A., Eckerd S.A. and Interproperties Holding for approximately S/.74,080,000, S/. 24,762,000 and S/.65,007,000, 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 5.00 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 three-month periods ended March 31, 2013 and 2012, leasing contracts generated interests which are recorded in the “Financial costs” caption of the consolidated income statements.
- (m) During 2010, Corporation Union 600 sold a building located in Lima to Interproperties Holding amounting to S/.17,645,200, to be paid within 120 months through monthly installments amounting to S/.213,219. These transactions are included in Interest-bearing loans and borrowings, see Note 13.

### 22. 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, as if the equity structure of the InRetail Group had been in place for all periods presented:

## Notes to the interim consolidated financial statements

	<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
<b>Number as of March 31, 2012</b>	79,248,094		79,248,094
<b>Number as of January 1, 2013</b>	102,807,319		102,807,319
<b>Number as of March 31, 2013</b>	102,807,319		102,807,319

	<b>For the period ended March 31, 2013</b>		
	<b>Net income (numerator) S/.</b>	<b>Shares (denominator)</b>	<b>Earnings per share S/.</b>
Basic and diluted earnings per share	14,627,000	102,807,319	0.14

	<b>For the period ended March 31, 2012</b>		
	<b>Net income (numerator) S/.</b>	<b>Shares (denominator)</b>	<b>Earnings per share S/.</b>
Basic and diluted earnings per share	32,768,778	79,248,094	0.41

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

### 23. Commitments and contingencies

#### Commitments –

The main commitments assumed are presented below:

- (a) As of March 31, 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 2042.

- (b) As of March 31, 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/.14,307,000 (S/.9,683,000 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 March 31, 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 March 31, 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 March 31, 2013 and December 31, 2012.

### 24. Business segments

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

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

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

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

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

## Notes to the interim consolidated financial statements

As of March 31, 2013 and for the three-month periods ended March 31, 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 three-month period ended March 31, 2013</b>						
<b>Revenue</b>						
External income	779,664	408,892	31,238	1,219,794	-	1,219,794
Inter-segment	1,355	5,667	17,662	24,684	(11,103)	13,581
<b>Total revenue</b>	<b>781,019</b>	<b>414,559</b>	<b>48,900</b>	<b>1,244,478</b>	<b>(11,103)</b>	<b>1,233,375</b>
Cost of sales	(581,371)	(289,361)	(11,400)	(882,132)	-	(882,132)
<b>Gross profit</b>	<b>199,648</b>	<b>125,198</b>	<b>37,500</b>	<b>362,346</b>	<b>(11,103)</b>	<b>351,243</b>
Other operating income	10,000	143	1,374	11,517	741	12,258
Selling expenses	(164,150)	(83,892)	(210)	(248,252)	5,531	(242,721)
Administrative expenses	(19,870)	(11,300)	(11,532)	(42,702)	3,096	(39,606)
Other operating expenses	(191)	-	-	(191)	-	(191)
<b>Operating profit</b>	<b>25,437</b>	<b>30,149</b>	<b>27,132</b>	<b>82,718</b>	<b>(1,735)</b>	<b>80,983</b>
Finance income	(4,155)	143	(4,567)	(8,579)	(4,524)	(13,103)
Finance costs	(15,947)	(550)	(16,280)	(32,777)	(7,495)	(40,272)
<b>Profit before income tax</b>	<b>5,335</b>	<b>29,742</b>	<b>6,285</b>	<b>41,362</b>	<b>(13,754)</b>	<b>27,608</b>
Income tax expense	(1,461)	(9,126)	(3,961)	(14,548)	1,568	(12,980)
<b>Profit for the year</b>	<b>3,874</b>	<b>20,616</b>	<b>2,324</b>	<b>26,814</b>	<b>(12,186)</b>	<b>14,628</b>
<b>Attributable to:</b>						
Owners of the parent	3,874	20,616	2,324	26,814	(12,187)	14,627
Non-controlling interests	-	-	-	-	1	1
	<b>3,874</b>	<b>20,616</b>	<b>2,324</b>	<b>26,814</b>	<b>(12,186)</b>	<b>14,628</b>

Notes to the interim consolidated financial statements

	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 three-month period ended March 31, 2012</b>						
<b>Revenue</b>						
External income	727,988	381,129	21,157	1,130,274	-	1,130,274
Inter-segment	772	-	12,027	12,799	(6,518)	6,281
<b>Total revenue</b>	<b>728,760</b>	<b>381,129</b>	<b>33,184</b>	<b>1,143,073</b>	<b>(6,518)</b>	<b>1,136,555</b>
Cost of sales	(539,955)	(274,445)	(9,170)	(823,570)	-	(823,570)
<b>Gross profit</b>	<b>188,805</b>	<b>106,684</b>	<b>24,014</b>	<b>319,503</b>	<b>(6,518)</b>	<b>312,985</b>
Other operating income	39	40	1,595	1,674	(823)	851
Selling expenses	(146,606)	(66,285)	-	(212,891)	4,088	(208,803)
Administrative expenses	(19,233)	(10,798)	(7,061)	(37,092)	1,161	(35,931)
Other operating expenses	(520)	(223)	(2)	(745)	-	(745)
<b>Operating profit</b>	<b>22,485</b>	<b>29,418</b>	<b>18,546</b>	<b>70,449</b>	<b>(2,092)</b>	<b>68,357</b>
Finance income	8,189	266	6,542	14,997	4,083	19,080
Finance costs	(16,282)	(143)	(13,508)	(29,933)	(7,582)	(37,515)
<b>Profit before income tax</b>	<b>14,392</b>	<b>29,541</b>	<b>11,580</b>	<b>55,513</b>	<b>(5,591)</b>	<b>49,922</b>
Income tax expense	(4,188)	(8,862)	(2,732)	(15,782)	(1,010)	(16,792)
<b>Profit for the year</b>	<b>10,204</b>	<b>20,679</b>	<b>8,848</b>	<b>39,731</b>	<b>(6,601)</b>	<b>33,130</b>
<b>Attributable to:</b>						
Owners of the parent	10,204	20,679	8,848	39,731	(6,962)	32,769
Non-controlling interests	-	-	-	-	361	361
	<b>10,204</b>	<b>20,679</b>	<b>8,848</b>	<b>39,731</b>	<b>(6,601)</b>	<b>33,130</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 March 31, 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.

### **25. 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

### **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 three-month periods ended March 31, 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.

### **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.