Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

Consolidated Annual Accounts and Consolidated Directors' Report

31 December 2014

(With Auditors' Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Distribuidora Internacional de Alimentación, S.A.

Report on the consolidated annual accounts

We have audited the accompanying consolidated annual accounts of Distribuidora Internacional de Alimentación, S.A. (the “Company”) and its subsidiaries (the "Group”), which comprise the consolidated statement of financial position at 31 December 2014 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

Directors' responsibility for the consolidated annual accounts

The Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they present fairly the consolidated equity, consolidated financial position and consolidated financial performance of Distribuidora Internacional de Alimentación, S.A. in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other provisions of the financial reporting framework applicable to the Group in Spain and for such internal control that they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated annual accounts for 2014 present fairly, in all material respects, the consolidated equity and consolidated financial position of Distribuidora Internacional de Alimentación, S.A. and subsidiaries at 31 December 2014 and their financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other applicable provisions of the financial reporting framework in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated directors' report for 2014 contains such explanations as the Directors of Distribuidora Internacional de Alimentación, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2014. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Distribuidora Internacional de Alimentación, S.A. and subsidiaries.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

Carlos Peregrina García

22 February 2015

DIA GROUP CONSOLIDATED ANNUAL ACCOUNTS

AT 31 DECEMBER 2014

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (I)

at 31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

ASSETS	Notes	2014 31st December	2013 31st December
Property, plant and equipment	6	1,270,356	1,601,651
Goodwill	7.1	464,642	454,388
Other intangible assets	7.2	32,567	45,613
Investments accounted for using the equity method	11	-	787
Non-current financial assets	9.2 and 9.3	81,162	79,086
Consumer loans from financial activities	9.1	363	555
Deferred tax assets	19	147,890	57,667
Non-current assets		1,996,980	2,239,747
Inventories	13	553,119	544,867
Trade and other receivables	9.2	244,592	209,661
Consumer loans from financial activities	9.1	6,362	5,698
Current tax assets	19	106,940	77,651
Other current financial assets	9.3	12,144	10,714
Other assets	12	7,836	14,112
Cash and cash equivalents	14	199,004	262,037
Non-current assets held for sale	15	10	6,100
Current assets		1,130,007	1,130,840
TOTAL ASSETS		3,126,987	3,370,587

The accompanying notes form an integral part of the consolidated annual accounts for 2014.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (I)

at 31 December 2014 and 2013

(Expressed in thousands of Euros)

EQUITY AND LIABILITIES	Notes	2014 31st December	2013 31st December
Capital	16.1	65,107	65,107
Share premium	16.2	618,157	618,157
Reserves	16.3	(553,059)	(659,648)
Other own equity instruments	16.4	(36,037)	(10,510)
Net profit for the period		329,229	209,259
Traslation differences	16.8	(45,836)	(37,909)
Value adjustments due to cash flow hedges		55	(820)
Equity attributable to equity holders of the Parent		**377,616**	**183,636**
Non-controlling interests	16.7	(46)	-
Total Equity		**377,570**	**183,636**
Non-current borrowings	17.1	532,532	700,672
Provisions	18	86,100	72,570
Other non-current financial liabilities	17.2	7,539	8,245
Deferred tax liabilities	19	2,749	57,978
Non-current liabilities		**628,920**	**839,465**
Current borrowings	17.1	199,912	212,328
Trade and other payables	17.3	1,693,113	1,786,884
Current tax liabilities	19	82,440	141,837
Current income tax liabilities	19	8,747	18,702
Other current financial liabilities	17.4	136,189	156,679
Liabilities directly associated with non-current assets held for sale	15	96	31,056
Current liabilities		**2,120,497**	**2,347,486**
TOTAL EQUITY AND LIABILITIES		**3,126,987**	**3,370,587**

The accompanying notes form an integral part of the consolidated annual accounts for 2014.

CONSOLIDATED INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENTS (II)

for the years ended 31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

INCOME STATEMENT	Notes	2014 31st December	Re-expressed 2013 31st December
Sales	5	8,010,967	7,945,581
Other income	21.1	105,250	94,260
TOTAL INCOME		8,116,217	8,039,841
Goods and other consumables used	21.2	(6,350,221)	(6,312,374)
Personnel expenses	21.3	(660,282)	(628,497)
Operating expenses	21.4	(580,120)	(549,847)
Amortisation and depreciation	21.5	(184,604)	(188,951)
Impairment	21.5	(5,525)	1,501
Losses on disposal of fixed assets	21.6	(11,558)	(7,636)
RESULTS FROM OPERATING ACTIVITIES		323,907	354,037
Finance income	21.7	16,447	13,310
Finance expenses	21.7	(57,259)	(46,209)
Profit of financial instruments		103	-
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		283,198	321,138
Income tax	19	(74,556)	(100,811)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		208,642	220,327
Gains / (Losses) net of taxes of discontinued operations	15	120,582	(24,269)
NET PROFIT		329,224	196,058
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITYHOLDERS OF THE PARENT		329,229	209,259
PROFIT FROM CONTINUING OPERATIONS		208,647	220,327
PROFIT / (LOSSES) FROM DISCONTINUED OPERATIONS		120,582	(11,068)
Losses from continuing operations attributable to non-controlling interests		(5)	-
Losses from discontinued operations attributable to non-controlling interests		-	(13,201)
Basic and diluted earnings per share, in euros			
Profit on continuing operations		0.32	0.35
Profit on discontinued operations		0.19	(0.03)
Profit for the period		0.51	0.32

The accompanying notes form an integral part of the consolidated annual accounts for 2014.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (III)

for the years ended 31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	2014	2013
Net profit for the period	**329,224**	**196,058**
Other comprehensive income:		
Translation differences of financial statements of foreign operations	**(7,927)**	**(24,393)**
	(7,927)	(24,393)
Value adjustments due to cash flow hedges	**899**	**(247)**
Tax effect	**(24)**	**74**
	875	(173)
Transfers to the consolidated income statement	**(7,052)**	**(24,566)**
Total comprehensive income, net of income tax	**322,172**	**171,492**
Attributed to:		
Equityholders of the Parent	**322,177**	**184,693**
Non-controlling interests (note 16.7)	**(5)**	**(13,201)**
	322,172	**171,492**

The accompanying notes form an integral part of the consolidated annual accounts for 2014.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (IV)

for the years ended 31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Equity attributable to equityholders of the Parent									
	Registered capital	**Share premium**	**Reserves and accumulated earnings**	**Own shares**	**Other own equity instruments**	**Value adjustments due to cash flow hedges**	**Translation differences**	**Equity attributable to the Parent**	**Minority interests**	**Total equity**
At 1st January 2013	**67,934**	**618,157**	**(466,740)**	**(62,769)**	**9,680**	**(647)**	**(13,516)**	**152,099**	**(4,436)**	**147,663**
Net profit/(loss) for the period	-	-	209,259	-	-	-	-	209,259	(13,201)	196,058
Other comprehensive income net of income tax	-	-	-	-	-	(173)	(24,393)	(24,566)	-	(24,566)
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	(24,393)	(24,393)	-	(24,393)
Value adjustments due to cash flow hedges	-	-	-	-	-	(173)	-	(173)	-	(173)
Total comprehensive income for the period	**-**	**-**	**209,259**	**-**	**-**	**(173)**	**(24,393)**	**184,693**	**(13,201)**	**171,492**
Transactions with equityholders or owners	(2,827)	-	(192,389)	39,450	3,129	-	-	(152,637)	17,637	(135,000)
Capital reduction	(2,827)	-	(108,850)	111,677	-	-	-	-	-	-
Distribution of the profit of 2012	-	-	(83,865)	-	-	-	-	(83,865)	-	(83,865)
Issuance of share-based payments	-	-	-	-	5,381	-	-	5,381	-	5,381
Transactions with own shares or equity holdings	-	-	785	(72,227)	(2,252)	-	-	(73,694)	-	(73,694)
Changes in interests in subsidiaries	-	-	(459)	-	-	-	-	(459)	17,637	17,178
Other variations of the Equity	-	-	(519)	-	-	-	-	(519)	-	(519)
At 31st December 2013	**65,107**	**618,157**	**(450,389)**	**(23,319)**	**12,809**	**(820)**	**(37,909)**	**183,636**	**-**	**183,636**
At 1st January 2014	**65,107**	**618,157**	**(450,389)**	**(23,319)**	**12,809**	**(820)**	**(37,909)**	**183,636**	**-**	**183,636**
Net profit for the period	-	-	329,229	-	-	-	-	329,229	(5)	329,224
Other comprehensive income net of income tax	-	-	-	-	-	875	(7,927)	(7,052)	-	(7,052)
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	(7,927)	(7,927)	-	(7,927)
Value adjustments due to cash flow hedges	-	-	-	-	-	875	-	875	-	875
Total comprehensive income for the period	**-**	**-**	**329,229**	**-**	**-**	**875**	**(7,927)**	**322,177**	**(5)**	**322,172**
Transactions with equityholders or owners	-	-	(102,670)	(35,545)	10,018	-	-	(128,197)	(41)	(128,238)
Distribution of the profit of 2013	-	-	(103,281)	-	-	-	-	(103,281)	-	(103,281)
Issuance of share-based payments	-	-	-	-	12,028	-	-	12,028	-	12,028
Transactions with own shares or equity holdings	-	-	611	(35,545)	(2,010)	-	-	(36,944)	-	(36,944)
Business combination	-	-	-	-	-	-	-	-	(41)	(41)
At 31st December 2014	**65,107**	**618,157**	**(223,830)**	**(58,864)**	**22,827**	**55**	**(45,836)**	**377,616**	**(46)**	**377,570**

The accompanying notes form an integral part of the consolidated annual accounts for 2014.

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF CASH FLOWS (V)

for the years ended 31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Notes	2014 31st December	Re-expressed 2013 31st December
Operating activities			
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		283,198	321,138
Loss before tax from discontinued operations		(59,133)	(40,637)
Profit before income tax		*224,065*	*280,501*
Adjustments to Profit and Loss:		*425,493*	*247,251*
Amortisation and depreciation	21.5	184,604	188,951
Impairment	21.5	5,525	(1,501)
Losses on disposal of fixed assets	21.6	11,558	7,636
Gains on disposal of financial instruments operations		(103)	-
Finance income	21.7	(16,447)	(13,310)
Finance expenses	21.7	57,259	46,209
Net reversals of provisions and grants		30,179	(16,622)
Other adjustments to Profit and Loss		152,918	35,888
Adjustments to working capital:		*(264,392)*	*(63,534)*
Changes in trade and other receivables		(41,481)	(33,748)
Changes in inventories		(66,695)	(22,739)
Changes in trade and other payables		(52,857)	80,756
Changes in consumer loan and refinancing commitments		(472)	227
Changes in other assets		(24,523)	(6,779)
Changes in other liabilities		7,098	(5,248)
Changes in assets held for sale and liabilities	15	(8,831)	10,409
Current income tax paid		(76,631)	(86,412)
Net cash flows from/(used in) operating activities		*385,166*	*464,218*
Investing activities			
Acquisition of intangible assets	7.2	(2,322)	(4,757)
Acquisition of property, plant and equipment	6	(341,874)	(348,939)
Acquisition of financial instruments		(25,989)	(8,670)
Development cost	7.2	(5,212)	(8,107)
Changes in Fixed Assets Suppliers		19,330	11,049
Disposals of property, plant and equipment	21.6	656	1,835
Disposals of financial instruments	15	283,200	27,334
Payments for other financial assets		2,714	18,444
Interest received		6,974	11,130
Investing flows of discontinued operations	15	242	2,378
Other adjustments on disposal of subsidiaries		(184,229)	4,549
Acquisition of subsidiaries net of cash acquired		6,464	(56,107)
Net cash flows used in investing activities		*(240,046)*	*(349,861)*
Financing activities			
Dividends distributed to shareholders of the Parent	16.5	(103,281)	(83,865)
Acquisition of own shares	16.4 a)	(37,166)	(45,749)
Borrowings repaid		(534,158)	(251,435)
Borrowings made		519,942	230,000
Payments/(Collections) for other financial liabilities		612	(1,174)
Interest paid		(47,905)	(44,238)
Financing flows of discontinued operations	15	(13,884)	(11,145)
Net cash flows from financing activities		*(215,840)*	*(207,606)*
Net changes in cash and cash equivalents		*(70,720)*	*(93,249)*
Net foreign exchange differences		7,687	40,413
Cash and cash equivalents at 1st January	14	*262,037*	*314,873*
Cash and cash equivalents al 31st June	14	*199,004*	*262,037*

The accompanying notes form an integral part of the consolidated annual accounts for 2014.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2014

Notes to the Consolidated Annual Accounts for 2014 (VI)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

1. NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

Distribuidora Internacional de Alimentación, S.A. (hereinafter "the Parent" or "DIA") was incorporated in Spain on 24 July 1996 as a public limited liability company ("sociedad anónima"). Its registered office is located in Las Rozas, Madrid.

The Company's statutory activity comprises the following activities in Spain and abroad:

a) The wholesale or retail sale of food products and any other consumer goods in both domestic and foreign markets.

b) Corporate services aimed at the sale of telecommunication products and services, particularly telephony services, through collaboration agreements with suppliers of telephony products and services. These co-operative services shall include the sale of telecommunication products and services, as permitted by applicable legislation.

c) Activities related to internet-based marketing and sales, and sales through any other electronic medium of all types of legally tradable products and services, especially food and household products, small electrical appliances, multimedia and IT products, photography equipment and telephony products, sound and image products and all types of services through internet or any other electronic medium.

d) Wholesale and retail travel agency activities including the organisation and sale of package tours.

e) Retail distribution of petrol, operation of service stations and retail sale of fuel to the public.

f) The acquisition, ownership, use, management, administration and disposal of equity instruments of resident and non-resident companies in Spain through the concomitant management of human and material resources.

g) The management, coordination, advisory and support of investees and companies with which the Parent works under franchise and similar contracts.

h) The deposit and storage of goods and products of all types, both for the Company and for other companies.

Its principal activity is the retail sale of food products through owned or franchised self-service stores under the DIA brand name. The Parent opened its first establishment in Madrid in 1979.

The Company is the Parent of a group of subsidiaries (hereinafter the DIA Group or the Group) which are all fully consolidated, except for Bladis SAS (belongs to the subgroup in France), which was equity-accounted until 2013. Since the sale of the subgroup headed by DIA France SAS in 2014, all the subsidiaries are now fully consolidated.

Distribuidora Internacional, S.A. was incorporated on 21 August 2014 with registered office in Buenos Aires and engages in service consulting.

On 2 July 2014, DIA entered into an agreement to purchase 100% of the share capital of the El Arbol Distribución y Supermercados, S.A. group ("El Arbol") which in turn is the majority shareholder of Compañía Gallega de Supermercados, S.A. (a 94.24% controlling interest). The transaction was completed on 31 October 2014, on which date the DIA Group took control. The two companies engage in the wholesale and retail sale of food products and other items from premises using the El Árbol brand (see note 4 (a)).

The definitive agreement for the purchase of the companies Schlecker, S.A. and Schlecker Portugal Sociedad Unipersonal Ltd., whose activity is the sale of toiletries and household products, was signed on 1 February 2013 (see note 4 (b))).

The Group has classified the assets and liabilities of DIA France SAS and its subsidiaries, which form a separate business segment (see note 5), as held for sale at 31 March 2014 based on the agreements adopted by the Parent's management to shortly sell the subgroup. On 30 November 2014 the Group completed the sale of DIA France, thereby losing control of all its investees in this segment on this date. The Group classifies the accounts corresponding to this business in the consolidated income statements as net profit/(loss) from discontinued operations for 2013 and 2014 (see note 15).

On 19 April 2013 DIA and its Turkish partner, Haci Omer Sabanci Holding A.S. signed a contract with Tidiz Holding A.S. and Marcketleri Ticaret A.S. whereby the latter two agreed to purchase 100% of the share capital of DIA Sabanci Supermarcketleri Ticaret A.S (DIA Turkey), including the DIA Group's 60% interest in this company. The DIA Group lost control of this investee on 1 July 2013 (see note 15) and, therefore, on this date recognised the profit/loss on this transaction in the consolidated income statement as net profit or loss from discontinued operations for 2014.

In the second half of 2012, the Group decided to dispose of its business in Beijing (China). The accounts corresponding to this business have therefore been recognised under net profit or loss from discontinued operations in the consolidated income statements for 2013 (see note 15). As the Group was unable to find a buyer to complete the sale plan, in 2014 it resolved to close this company. At 31 December 2014 the Group was in the process of liquidating its net assets and carrying out the administrative processes required with local authorities to dissolve the company.

Details of the DIA Group's subsidiaries, as well as their activities, registered offices and percentages of ownership are as follows:

Name	Location	Activity	% interest 2014	% interest 2013
DIA Portugal Supermercados, S.U, Lda.	Lisbon	Wholesale and retail distribution of food products.	100.00	100.00
DIA Argentina, S.A.	Buenos Aires	Wholesale and retail distribution of food products.	100.00	100.00
Distribuidora Internacional, S.A.	Buenos Aires	Services consultancy.	100.00	-
DIA Brasil Sociedade Limitada	Sao Paulo	Wholesale and retail distribution of consumer products.	100.00	100.00
Finandia, E.F.C., S.A.U.	Madrid	Loan and credit transactions, including consumer loans, mortgage loans and finance for commercial transactions, and credit and debit card issuing and management.	100.00	100.00
DIA Tian Tian Management Consulting Service & Co. Ltd.	Shanghai	Services consultancy.	100.00	100.00
Shanghai DIA Retail Co. Ltd.	Shanghai	Wholesale and retail distribution of consumer products.	100.00	100.00
Beijing DIA Commercial Co. Ltd.	Beijing	Wholesale and retail distribution of consumer products.	100.00	100.00
Twins Alimentación, S.A.U.	Madrid	Distribution of food and toiletries through supermarkets.	100.00	100.00
Pe-Tra Servicios a la distribución, S.L.U.	Madrid	Leasing of business premises.	100.00	100.00
DIA France	Vitry sur Seine	Wholesale and retail distribution of consumer products.	-	100.00
Inmobiliere Erteco SAS	Vitry sur Seine	Leasing of business premises.	-	100.00
ED Franchise SAS	Vitry sur Seine	Franchise management.	-	100.00
Erteco SAS	Vitry sur Seine	Management and brand licencing.	-	100.00
Campus DIA SAS	Annecy	Training.	-	100.00
DIA World Trade, S.A.	Geneva	Provision of services to suppliers of DIA Group companies.	100.00	100.00
Schlecker S.A.U.	Madrid	Distribution of cleaning and toiletry products.	100.00	100.00
Schlecker Portugal, Lda.	Lisbon	Distribution of cleaning and toiletry products.	100.00	100.00
Grupo El Árbol, Distribución y Supermercados, S.A.	Valladolid	Wholesale and retail distribution of food products and others.	100.00	-
Compañía Gallega de Supermercados, S.A.	Valladolid	Wholesale and retail distribution of food products and others.	94.24	-

At 31 December 2013, DIA France held 33.33% of the share capital of Bladis, SAS, a company engaged in the sale of fruit and vegetables. This investee is equity-accounted.

2. BASIS OF PRESENTATION

2.1. Basis of preparation of the consolidated annual accounts

The directors of the Parent have prepared these consolidated annual accounts on the basis of the accounting records of Distribuidora Internacional de Alimentación S.A. and consolidated companies and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, to present fairly the consolidated equity and consolidated financial position of Distribuidora Internacional de Alimentación S.A. and subsidiaries at 31 December 2014 and consolidated results of operations and consolidated cash flows and changes in consolidated equity for the year then ended.

On 28 February 2011, the DIA Group authorised for issue the consolidated financial statements for 2010, 2009 and 2008, which were the first consolidated financial statements drawn up by the DIA Group. These consolidated financial statements were prepared in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards, taking 1 January 2008 as the date of first-time adoption. Until 5 July 2011, the DIA Group formed part of the Carrefour Group, which has issued consolidated financial statements in accordance with IFRS-EU since 2005. For the purposes of the consolidated financial statements of the Carrefour Group, DIA and its subsidiaries each prepared a consolidation reporting package under IFRS-EU.

In accordance with IFRS 1, considering the DIA Group as a subsidiary that adopted IFRS-EU for the first time, the assets and liabilities included in DIA's opening statement of financial position were recognised at the carrying amounts of the sub-group headed by DIA in the amount reflected in the consolidated financial statements of the Carrefour Group, eliminating its consolidation adjustments.

Consequently, the DIA Group chose the same exemptions from IFRS 1 as those applied by the Carrefour Group:

- Business combinations: the DIA Group did not re-estimate the business combinations carried out prior to 1 January 2004 (see note 3 (a)).
- Cumulative translation differences: the DIA Group recognised the cumulative translation differences of all foreign businesses prior to 1 January 2004 at zero, and transferred the related balances to reserves at that date (see note 3 (d)).
- Financial instruments: the DIA Group opted to apply IAS 32 and IAS 39 from 1 January 2004.

The 2011 consolidated annual accounts, which were the first consolidated annual accounts prepared by the DIA Group, were filed at the Madrid Mercantile Registry in accordance with Spanish legislation.

These consolidated annual accounts have been prepared on a historical cost basis, except for the following:

- Derivative financial instruments, financial instruments at fair value through profit or loss and available-for-sale financial assets are measured at fair value.
- Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Note 3 includes a summary of all mandatory and significant accounting principles, measurement criteria and alternative options permitted under IFRS.

The Group has opted to present a consolidated income statement separately from the consolidated statement of comprehensive income. The consolidated income statement is reported using the nature of expense method and the consolidated statement of cash flows has been prepared using the indirect method.

The DIA Group's consolidated annual accounts for 2014 were prepared by the board of directors of the Parent on 20 February 2015 and are expected to be approved in their present form by the shareholders of the Parent at their ordinary general meeting.

2.2. Comparative information

The consolidated statement of financial position, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for 2014 include comparative figures for 2013, which formed part of the consolidated annual accounts approved by the shareholders of the Parent at the ordinary general meeting held on 25 April 2014.

The consolidated income statement for 2013 has been restated in order to facilitate its comparison, reclassifying the accounts corresponding to the business of DIA France and its subsidiaries in the consolidated income statement as net profit or loss from discontinued operations due to its sale on 30 November 2014 and its resultant exclusion from the consolidated group (see notes 1 and 15).

2.3. Functional and presentation currency

The figures contained in the documents comprising these consolidated annual accounts are expressed in thousands of Euros, unless stated otherwise. The functional and presentation currency of the Parent is the Euro.

2.4. Relevant accounting estimates, assumptions and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the consolidated annual accounts in conformity with IFRS-EU. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

a) Relevant accounting estimates and assumptions

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount (see note 3 (k(ii)). The DIA Group calculates impairment on the basis of the strategic plans of the different cash generating units, i.e. the stores. The Group tests goodwill for impairment on an annual basis. The calculation of the recoverable amount of each CGU or group of CGUs to which goodwill has been allocated requires the use of estimates by management (see note 3 (k(i)). The recoverable amount is the higher of fair value less costs to sell and value in use. The Group generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on five-year projections in the budgets approved by management. The cash flows take into consideration past experience and represent management's best estimate of future market performance. From the fifth year, cash flows are extrapolated using individual growth rates. The key assumptions employed when determining fair value less costs to sell and value in use include growth rates and the weighted average cost of capital. These estimates, including the methodology used, could have an impact on values and impairment

The Group evaluates the recoverability of deferred tax assets that should be recognised by its subsidiaries based on the business plan of the subsidiary in question or, where the case may be, of the tax group to which that subsidiary belongs, and recognises, where appropriate, the tax effect of tax loss carryforwards, credits and deductible temporary differences whose offset against future tax gains appears probable. In order to determine the amount of the deferred tax assets to be recognised, Parent management estimates the amounts and dates on which future taxable profits are expected to materialise and the reversal period of temporary differences.

In 2011, the 2011-2014 Long Term Incentives Plan and the Multi-year Reumeration Plan 2011-2014 to be settled in shares of the Parent were approved by DIA's shareholders at their general meeting. Beneficiaries were informed of the plan regulations on 11 June 2012. The Parent has estimated the total obligation derived from these plans and the part of this obligation accrued at 31 December 2014 based on the extent to which the conditions for receipt have been met (see note 20).

In 2014 a new 2011-2014 Long-term Incentives Plan and 2011-2014 Multi-year Remuneration Plan, to be settled in shares of the Parent, was approved by DIA's shareholders at their general meeting. Beneficiaries were informed of the plan regulations during December 2014 and January 2015. The Parent has estimated the total obligation derived from these plans and the part of this obligation accrued at 31 December 2014 based on the extent to which the conditions for receipt have been met (see note 20).

The Group is undergoing legal proceedings and tax inspections in a number of jurisdictions, some of which have been completed by the taxation authorities and additional tax assessments have been appealed by the Group companies at 31 December 2014. The Group recognises a provision if it is probable that an obligation will exist at year-end which will give rise to an outflow of resources embodying economic benefits and the outflow can be reliably measured. As a result, management uses significant judgement when determining whether it is probable that the process will result in an outflow of resources and estimating the amount (see note 18).

2.5. First-time application of accounting standards

The Group has applied all standards effective as of 1 January 2014. The application of these standards has not required any significant changes in the preparation of this year's consolidated annual accounts.

2.6. Standards and interpretations issued but not applied

At the date of publication of these consolidated annual accounts, the following standards have been issued but have not entered into force. The Group expects to adopt these standards as of 1 January 2015 or thereafter:

- IFRS 9 Financial instruments. Effective for annual periods beginning on or after 1 January 2018. Pending adoption by the EU.

The DIA Group is analysing the potential impact of applying these standards, which is not expected to be material. The Group has no plans for the early adoption of any of these standards.

2.7. Basis of consolidation

IFRS 10 requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements and establishes control as the basis for consolidation. An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

a) power over the investee;

b) exposure, or rights, to variable returns from its involvement with the investee; and

c) the ability to use its power over the investee to affect the amount of the investor's returns.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from their acquisition date, which is the date control commences. Subsidiaries are excluded from the consolidated Group from the date on which this control is lost. For consolidation purposes, the annual accounts of subsidiaries are prepared for the same reporting period as those of the Parent, and applying the same accounting policies. All balances, revenues, expenses, gains, losses and dividends arising from transactions between Group companies are eliminated in full.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

As permitted by IFRS 1, the Group has recognised only business combinations that occurred on or after 1 January 2004, the date of transition of the Carrefour Group to IFRS-EU, using the acquisition method (see note 2.1). Entities acquired prior to that date were recognised in accordance with the accounting principles applied by the Carrefour Group at that time, taking into account the necessary corrections and adjustments at the transition date.

The Group has applied IFRS 3 Business Combinations, revised in 2014, to all such transactions detailed in these consolidated annual accounts.

The Group applies the acquisition method for business combinations. The acquisition date is the date on which the Group obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the business acquired.

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

The excess between the consideration given and the value of net assets acquired and liabilities assumed is recognised as goodwill. Any shortfall, after evaluating the consideration given and the identification and measurement of net assets acquired, is recognised in profit or loss.

b) Joint arrangements

IFRS 11 establishes that a joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

c) Non-controlling interests

Non-controlling interests in subsidiaries acquired prior to 1 January 2004 were recognised at the amount of the Group's share of the subsidiary's equity.

Profit and loss and each component of other comprehensive income are allocated to equity attributable to equity holders of the Parent and to non-controlling interests in proportion to their investment, even if this results in the non-controlling interests having a deficit balance. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

Changes in the Group's percentage ownership of a subsidiary that imply no loss of control are accounted for as equity transactions. When control over a subsidiary is lost, the Group adjusts any residual investment in the entity to fair value at the date on which control is lost.

d) Translation of foreign operations

The Group has applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to accumulated translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised in retained earnings (see note 2.1). As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows (IAS 21.39):

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.
- Capital and reserves are translated using historical exchange rates.
- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.
- All resulting exchange differences are recognised as translation differences in other comprehensive income.

For presentation of the consolidated statement of cash flows, cash flows of the subsidiaries and foreign joint ventures, including comparative balances, are translated into Euros applying the exchange rates prevailing at the transaction date.

Translation differences recognised in other comprehensive income are accounted for in profit or loss as an adjustment to the gain or loss on the sale using the same criteria as for subsidiaries, associates and joint ventures.

e) Foreign currency transactions, balances and cash flows

Transactions in foreign currency are translated at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as net exchange differences.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange gains or losses arising on monetary items forming part of the net investment in foreign operations are recognised as translation differences in other comprehensive income.

Exchange gains or losses on monetary financial assets or financial liabilities denominated in foreign currencies are also recognised in profit or loss.

f) Recognition of income and expenses

Income and expenses are recognised in the consolidated income statement on an accruals basis, that is to say, when the actual flow of goods and services they represent takes place, regardless of when the monetary or financial flows derived therefrom arise.

Revenue from the sale of goods or services is measured at the fair value of the consideration received or receivable. Volume rebates, prompt payment and any other discounts, as well as the interest added to the nominal amount of the consideration, are recognised as a reduction in the consideration.

Discounts granted to customers are recognised as a reduction in sales revenue when it is probable that the discount conditions will be met.

The Group has customer loyalty programmes which do not entail credits, as they comprise discounts which are applied when a sale is made and are recognised as a reduction in the corresponding transaction.

The Group recognises revenue from the sale of goods when:

- It has transferred to the buyer the significant risks and rewards of ownership of the goods;
- It retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue and the costs incurred or to be incurred can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

g) Intangible assets

Intangible assets, except for goodwill (see note 3 (a)), are measured at cost or cost of production, less any accumulated amortisation and accumulated impairment.

The Group assesses whether the useful life of each intangible asset is finite or indefinite. Intangible assets with finite useful lives are amortised systematically over their estimated useful lives and their recoverability is analysed when events or changes occur that indicate that the carrying amount might not be recoverable. Intangible assets with indefinite useful lives, including goodwill are not amortised, but are subject to analysis to determine their recoverability on an annual basis, or more frequently if indications exist that their carrying amount may not be fully recoverable. Management reassesses the indefinite useful life of these assets on a yearly basis.

The amortisation methods and periods applied are reviewed at year-end and, where applicable, adjusted prospectively.

<u>Internally generated intangible assets</u>

Development expenses, which mainly relate to computer software and industrial property, are capitalised to the extent that:

- The Group has technical studies that demonstrate the feasibility of the production process.
- The Group has undertaken a commitment to complete production of the asset, to make it available for sale (or internal use).
- The asset will generate sufficient future economic benefits.
- The Group has sufficient technical and financial resources to complete development of the asset and has devised budget control and cost accounting systems that enable monitoring of budgetary costs, modifications and the expenditure actually attributable to the different projects.

Expenditure on activities for which costs attributable to the research phase are not clearly distinguishable from costs associated with the development stage of intangible assets are recognised in profit or loss.

Expenditure on activities that contribute to increasing the value of the different businesses in which the Group as a whole operates is recognised as expenses when incurred. Replacements or subsequent costs incurred on intangible assets are generally recognised as an expense, except where they increase the future economic benefits expected to be generated by the assets.

Computer software

Computer software comprises all the programs used at points of sale, warehouses and offices, as well as micro-software. Computer software is recognised at cost of acquisition and/or production and is amortised on a straight-line basis over its estimated useful life, usually three years. Computer software maintenance costs are charged as expenses when incurred.

Leaseholds

Leaseholds are rights to lease commercial premises which have been acquired through an onerous contract assumed by the Group. Leaseholds are measured at cost of acquisition and amortised on a straight-line basis over the shorter of ten years and the estimated term of the lease contract.

Industrial property

Industrial property comprises acquired trademarks and is amortised over a ten-year period.

h) Property, plant and equipment

Property, plant and equipment are measured at cost or cost of production, less any accumulated depreciation and accumulated impairment. Land is not depreciated.

The cost of acquisition includes external costs plus internal costs for materials consumed, which are recognised as income in the income statement. The cost of acquisition includes, where applicable, the initial estimate of the costs required to decommission or remove the asset and to restore the site on which it is located, when these measures are incumbent on the Group as a result of the use of the asset.

Since the average period to carry out works on warehouses and stores does not exceed twelve months, interest and other finance charges are not significant and are recognised as an increase in property, plant and equipment.

Non-current investments made in buildings leased by the Group under operating lease contracts are recognised following the same criteria as those used for other property, plant and equipment. Assets are depreciated over the shorter of their useful life and the lease term, taking renewals into account.

Enlargement, modernisation or improvement expenses that lead to an increase in productivity, capacity or efficiency or lengthen the useful life of the assets are capitalised as an increase in the cost of the asset when recognition criteria are met.

Preservation and maintenance costs are recognised in the consolidated income statement in the year in which they are incurred.

The DIA Group assesses whether valuation adjustments are necessary to recognise each item of property, plant and equipment at its lowest recoverable amount at each year end, when circumstances or changes indicate that the carrying amount of property, plant and equipment may not be fully recoverable, i.e. that the revenues generated will not be sufficient to cover all costs and expenses. In this case, the lowest measurement is not maintained if the reasons for recognising the valuation adjustment have ceased to exist.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

The Group companies depreciate their property, plant and equipment from the date on which these assets enter into service. Property, plant and equipment are depreciated by allocating the cost of the assets over the following estimated useful lives, which are calculated in accordance with technical studies, which are reviewed on a regular basis:

Buildings	40
Installations in leased stores	10 - 20
Technical installations and machinery	3 - 7
Other installations, equipment and furniture	4 -10
Other property, plant and equipment	3 - 5

Estimated residual values and depreciation methods and periods are reviewed at each year end and, where applicable, adjusted prospectively.

i) Leases

Lessee accounting records

Determining whether a contract is, or contains, a lease is based on an analysis of the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset to the DIA Group.

Leases under which the lessor maintains a significant part of the risks and rewards of ownership are classified as operating leases. Operating lease payments are expensed on a straight-line basis over the lease term.

Leases are classified as finance leases when substantially all the risks and rewards incidental to ownership of the assets are transferred to the Group. At the commencement of the lease term, the Group recognises the assets, classified in accordance with their nature, and the associated debt, at the lower of fair value of the leased asset and the present value of the minimum lease payments agreed. Lease payments are allocated proportionally between the reduction of the principal of the lease debt and the finance charge, so that a constant rate of interest is obtained on the outstanding balance of the liability. Finance charges are recognised in the consolidated income statement over the life of the contract.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

Lessor accounting records

The Group has granted the right to use certain spaces within the DIA stores to concessionaires and the right to use leased establishments to franchisees under contracts. The risks and rewards incidental to ownership are not substantially transferred to third parties under these contracts. Operating lease income is taken to the consolidated income statement on a straight-line basis over the lease term. Assets leased to concessionaires are recognised under property, plant and equipment following the same criteria as for other assets of the same nature.

Sale and leaseback transactions

In each sales and leaseback transaction, the Group assesses the classification of finance and operating lease contracts for land and buildings separately for each item, and assumes that land has an indefinite economic life. To determine whether the risks and rewards incidental to ownership of the land and buildings are substantially transferred, the Group considers the present value of minimum future lease payments and the minimum lease period compared with the economic life of the building.

If the Group cannot reliably allocate the lease rights between the two items, the contract is recognised as a finance lease, unless there is evidence that it is an operating lease.

Transactions that meet the conditions for classification as a finance lease are considered as financing operations and, therefore, the type of asset is not changed and no profit or loss is recognised.

When the leaseback is classed as an operating lease:

- If the transaction is established at fair value, any profit or loss on the sale is recognised immediately in consolidated profit or loss for the year.
- If the sale price is below fair value, any profit or loss is recognised immediately. However, if the loss is compensated for by future lease payments at below market price, it is deferred in proportion to the lease

payments over the period for which the asset is to be used.

- If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is to be used.

j) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

Non-current assets are classified as non-current assets held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. Non-current assets or disposal groups are classified as held for sale, provided that they are available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets and that the sale is highly probable.

For the sale to be highly probable, the Group must be committed to a plan to sell the asset or disposal group, and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except in cases in which the delay is caused by circumstances beyond the Group's control and the Group remains committed to its plan to sell the asset or disposal group.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell, and are not depreciated.

The Group classifies subsidiaries that comply with the above conditions and over which the Group will lose control, irrespective of whether it continues to exercise significant influence or joint control, as a disposal group held for sale or distribution, or as a discontinued operation.

The Group measures a non-current asset that ceases to be classified as held-for-sale or to form part of a disposal group at the lower of the carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation or amortisation that would have been recognised had the asset not been classified as held-for-sale, and its recoverable amount at the date of reclassification. Any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held-for-sale is included in profit and loss from continuing operations.

(ii) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held-for-sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

A component of the Group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group.

The Group discloses the post-tax profit and loss of discontinued operations and the post-tax gain or loss recognised on the measurement at fair value less costs to sell or distribute or on the disposal of the assets or disposal group(s) constituting the discontinued operation on the face of the consolidated income statement.

If the Group ceases to classify a component as a discontinued operation, the results previously disclosed as discontinued operations are reclassified to continuing operations for all years presented.

k) Impairment of non-financial assets

(i) Impairment of goodwill

Pursuant to IAS 36, impairment testing should be performed annually on each CGU or group of CGUs with associated goodwill, to determine whether the carrying amount of these assets exceeds their recoverable amount.

The recoverable amount of the assets is the higher of their fair value less costs to sell and their value in use.

This CGU or group of CGUs should represent the lowest level at which goodwill is monitored for internal management purposes and should not be larger than an operating segment before aggregation determined in accordance with IFRS 8. The analysis in which the DIA Group reviews the allocation of goodwill is each country. The Group bases this decision on both organisational and strategic criteria to the extent that the activities carried out in a specific country are supported by common resources (purchases, warehouses, etc.) and the implementation decisions are generally taken at country level.

An asset's value in use is measured based on the future cash flows the Group expects to derive from use of the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset.

(ii) Impairment of other non-current assets

At the end of each reporting period, the Group assesses whether there are any indications of possible impairment of non-current assets, including intangible assets. Based on past experience, the Company considers that there are signs of impairment when adjusted EBITDA of a store which is classified as mature is negative for two years (for which purpose EBITDA is understood to be results from operating activities before impairment, depreciation and amortisation, results of transactions with assets and other income and expense related to restructuring included in operating expenses and a store is considered mature when it is more than two years old). In addition, the Company tests stores for impairment when they have recognised impairment. If such indications exist, or when by their nature assets require yearly impairment testing, the Group estimates the recoverable amount of the asset, calculated as the higher of fair value less costs to sell and value in use. Value in use is determined by discounting estimated future cash flows, applying a pre-tax discount rate that reflects the value of money over time, and considering the specific risks associated with the asset. When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is considered to be impaired. In this case, the carrying amount is adjusted to the recoverable amount and the impairment loss is recognised in the consolidated income statement. Amortisation and depreciation charges for future periods are adjusted to the new carrying amount during the remaining useful life of the asset. Assets are tested for impairment on an individual basis, except in the case of assets that generate cash flows that are not independent of those from other assets (cash-generating units).

The Group calculates impairment on the basis of the strategic plans of the different cash generating units to which the assets are allocated, which are generally for a period of five years. For longer periods, projections based on strategic plans are used as of the fifth year, applying a constant expected growth rate. The assumptions on which the projections are based are fundamentally the result of internal estimates taking into account past performance and extrapolating expected performance. For this purpose, factors are considered which are beyond the control of Group management, such as macroeconomic data and GDP growth, consumer spending, population growth, unemployment and inflation. External market research reports and market shares are also consulted.

The discount rates used are calculated before tax and are adjusted for the corresponding country and business risks.

When new events or changes in existing circumstances arise which indicate that an impairment loss recognised in a previous period could have disappeared or been reduced, a new estimate of the recoverable amount of the asset is made. Previously recognised impairment losses are only reversed if the assumptions used in calculating the recoverable amount have changed since the most recent impairment loss was recognised. In this case, the carrying amount of the asset is increased to its new recoverable amount, to the limit of the carrying amount this asset would have had had the impairment loss not been recognised in previous periods. The reversal is recognised in the consolidated income statement and amortisation and depreciation charges for future periods are adjusted to the new carrying amount.

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l) Advertising and catalogue expenses

The cost of acquiring advertising material or promotional articles and advertising production costs are recognised as expenses when incurred. However, advertising placement costs that can be identified separately from advertising production costs are accrued and expensed as the advertising is published.

m) Financial instruments – assets

Regular way purchases and sales of financial assets are recognised in the consolidated statement of financial position at the trade date, when the Group undertakes the commitment to purchase or sell the asset. At the date of first recognition, the DIA Group classifies its financial instruments into the following four categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The only significant financial assets are classified under loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and are not classified in any other financial asset categories. Assets of this nature are recognised initially at fair value, including transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Results are recognised in the consolidated income statement at the date of settlement or impairment loss, and through amortisation. Trade receivables are initially recognised at fair value and subsequently adjusted where objective evidence exists that the debtor may default on payment. The provision for bad debts is calculated based on the difference between the carrying amount and the recoverable amount of receivables. Current trade balances are not discounted.

Guarantees paid in relation to rental contracts are measured using the same criteria as for financial assets. The difference between the amount paid and the fair value is classified as a prepayment and recognised in consolidated profit and loss over the lease term.

All or part of a financial asset is derecognised when one of the following circumstances arises:

- The rights to receive the cash flows associated with the asset have expired.
- The Group has assumed a contractual obligation to pay the cash flows received from the asset to a third party.
- The contractual rights to the cash flows from the asset have been transferred to a third party and all of the risks and rewards of ownership have been transferred.

n) Inventories

Inventories are initially measured at cost of purchase based on the weighted average cost method.

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates, non-trading income or other similar items, plus any additional costs incurred to bring the goods to a saleable condition, other costs directly attributable to the acquisition and indirect taxes not recoverable from the Spanish taxation authorities.

Discounts granted by suppliers are recognised as a reduction in merchandise and other consumables used in the consolidated income statement when it is probable that the conditions for discounts to be received will be met. Any unallocated discounts are recognised as a decrease on the purchase in the consolidated income statement.

Purchase returns are recognised as a reduction in the carrying amount of inventories returned, except where it is not feasible to identify these items, in which case they are accounted for as a reduction in inventories on a weighted average cost basis.

The previously recognised valuation adjustment is reversed against profit and loss when the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances. The reversal of the valuation adjustment is limited to the lower of the cost and the revised net realisable value of the inventories.

Write-downs to net realisable value recognised or reversed on inventories are classified under merchandise and other consumables used.

o) Cash and cash equivalents

Cash and cash equivalents recognised in the consolidated statement of financial position include cash and bank accounts, demand deposits and other highly liquid investments maturing in less than three months. These items are recognised at historical cost, which does not differ significantly from their realisable value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents reflect items defined in the paragraph above. Any bank overdrafts are recognised in the consolidated statement of financial position as financial liabilities from loans and borrowings.

p) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration given, less any directly attributable transaction costs. In subsequent periods, these financial liabilities are carried at amortised cost using the effective interest method. Financial liabilities are classified as non-current when their maturity exceeds twelve months or the DIA Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are derecognised when the corresponding obligation is settled, cancelled or has expired. When a financial liability is substituted by another with substantially different terms, the Group derecognises the original liability and recognises a new liability, taking the difference in the respective carrying amounts to the consolidated income statement.

The Group considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

The Group has contracted reverse factoring facilities with various financial institutions to manage payments to suppliers. Trade payables settled under the management of financial institutions are recognised under trade and other payables in the consolidated statement of financial position until they have been settled, repaid or have expired.

The consideration given by the financial institutions in exchange for the right to finance the customers of the Group is recorded in other income in the consolidated income statement when accrued.

Guarantees received in sublease contracts are measured at nominal amount, since the effect of discounting is immaterial.

Derivative financial products and hedge accounting

Derivative financial instruments are initially recognised using the same criteria as those described for financial assets and financial liabilities. Derivative financial instruments are classified as current or non-current depending on whether their maturity is less or more than twelve months. Derivative instruments that qualify to be treated as hedging instruments for non-current assets are classified as non-current assets or liabilities, depending on whether their values are positive or negative.

The criteria from recognising gains or losses arising from changes in the fair value of derivatives depend on whether the derivative instrument complies with hedge accounting criteria and, where applicable, on the nature of the hedging relationship.

Changes in the fair value of derivatives that qualify for hedge accounting, have been allocated as cash flow hedges and are highly effective, are recognised in equity. The ineffective portion of the hedging instrument is taken directly to consolidated profit and loss. When the forecast transaction or the firm commitment results in the recognition of a non-financial asset or liability, the gains or losses accumulated in equity are taken to the consolidated income statement during the same period in which the hedging transaction has an impact on net profit and loss.

At the inception of the hedge, the Group formally allocates and documents the hedging relationship between the derivative and the hedged item, as well as the objectives and risk management strategies applied on establishing the hedge. This documentation includes the identification of the hedging instrument, the hedged item or transaction and the nature of the hedged risk. The documentation also considers the measures taken to assess the effectiveness of the hedge in terms of covering the exposure to changes in the hedged item, whether with respect to

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its fair value or attributable cash flows. The effectiveness of the hedge is assessed prospectively and retrospectively, both at the inception of the hedging relationship and systematically over the period of allocation.

Hedge accounting criteria cease to be applied when the hedging instrument expires or is sold, cancelled or settled, or when the hedging relationship no longer complies with the criteria to be accounted for as such, or the instrument is no longer designated as a hedging instrument. In these cases, the accumulated gain or loss on the hedging instrument that has been recognised in equity is not taken to profit or loss until the forecast or committed transaction impacts on the Group's results. However, if the transaction is no longer considered probable, the accumulated gains or losses recognised in equity are immediately transferred to the consolidated income statement.

The fair value of the Group's derivatives portfolio reflects estimates based on calculations performed using observable market data and the specific tools used widely among financial institutions to value and manage derivative risk.

q) Parent own shares

The Group's acquisition of equity instruments of the Parent is recognised separately at cost of acquisition in the consolidated statement of financial position as a reduction in equity, irrespective of the reason for the purchase. Any gains or losses on transactions with own equity instruments are not recognised in consolidated profit and loss.

The subsequent redemption of the Parent instruments entails a capital reduction equivalent to the par value of the shares. Any positive or negative difference between the purchase price and the par value of the shares is debited or credited to reserves.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are accounted for as a reduction in equity, net of any tax effect.

Parent own shares are recognised as a component of consolidated equity at their total cost.

Contracts that oblige the Group to acquire own equity instruments, including non-controlling interests, in cash or through the delivery of a financial asset, are recognised as a financial liability at the fair value of the amount redeemable against reserves. Transaction costs are likewise recognised as a reduction in reserves. Subsequently, the financial liability is measured at amortised cost or at fair value through profit or loss in line with the redemption conditions. If the Group does not ultimately exercise the contract, the carrying amount of the financial liability is reclassified to reserves.

r) Distributions to shareholders

Dividends, whether in cash or in kind, are recognised as a reduction in equity when approved by the shareholders at their annual general meeting.

s) Employee benefits

Defined benefit plans

The Group includes plans financed through the payment of insurance premiums under defined benefit plans where a legal or constructive obligation exists to directly pay employees the committed benefits when they become payable or to pay further amounts in the event that the insurance company does not pay the employee benefits relating to employee service in the current and prior periods.

Defined benefit liabilities recognised in the consolidated statement of financial position reflect the present value of defined benefit obligations at the reporting date, minus the fair value at that date of plan assets.

In the event that the result of the operations described in the paragraph above is negative, i.e. it results in an asset, the Group measures the resulting asset at the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Economic benefits are available to the Group when they are realisable at some point during the life of the plan or on settlement of plan liabilities, even when not immediately realisable at the reporting date.

Income or expense related to defined benefit plans is recognised as employee benefits expense and is the sum of the net current service cost and the net interest cost of the net defined benefit asset or liability. Remeasurements of the net defined benefit asset or liability are recognised in other comprehensive income, comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability or asset. The costs of managing the plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions are deducted when determining the return on plan assets. Any amounts deferred in other comprehensive income are reclassified to retained earnings in reserves during that year.

The Group recognises the past service cost as an expense for the year at the earlier of when the plan amendment or curtailment occurs and when the Group recognises related restructuring costs or termination benefits.

The present value of defined benefit obligations is calculated annually by independent actuaries using the Projected Unit Credit Method. The discount rate of the net defined benefit asset or liability is calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

The fair value of plan assets is calculated applying the principles of IFRS 13 Fair Value Measurement. In the event that plan assets include insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan, the fair value of the insurance policies is equal to the present value of the related obligations.

The Group only offsets an asset relating to one plan against the liability of another plan provided that it has a legally enforceable right to use a surplus in one plan to settle its obligation under the other plan, and when it intends to settle the obligation on a net basis, or to realise the surplus on one plan and settle its obligation under the other plan simultaneously.

Assets and liabilities arising from defined benefit plans are recognised as current or non-current based on the period of realisation of related assets or settlement of related liabilities.

Termination benefits

Termination benefits paid or payable that do not relate to restructuring processes in progress are recognised when the Group is demonstrably committed to terminating the employment of current employees prior to retirement date. The Group is demonstrably committed to terminating the employment of current employees when it has a detailed formal plan and is without realistic possibility of withdrawing or changing the decisions made.

Restructuring-related termination benefits

Restructuring-related termination benefits are recognised when the Group has a constructive obligation, that is, when it has a detailed formal plan for the restructuring and there is valid expectation in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it.

Employee benefits

The Group recognises the expected cost of short-term employee benefits in the form of accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. In the case of non-accumulating compensated absences, the expense is recognised when the absences occur.

t) Provisions

Provisions are recognised when the Group has a present obligation (legal or implicit) as a result of a past event, the settlement of which requires an outflow of resources which is probable and can be estimated reliably. If it is virtually certain that some or all of a provisioned amount will be reimbursed by a third party, for example through an insurance contract, an asset is recognised in the consolidated statement of financial position and the related expense is recognised in the consolidated income statement, net of the foreseen reimbursement. If the time effect of money is material, the provision is discounted, recognising the increase in the provision due to the time effect of money as a finance cost.

Provisions for onerous contracts are based on the present value of unavoidable costs, determined as the lower of the contract costs, net of any income that could be generated, and any compensation or penalties payable for non-completion.

u) Share-based payments for goods and services

The Group recognises the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. It recognises an increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability with a balancing entry in the income statement or assets if the goods or services were acquired in a cash-settled share-based payment transaction.

The Group recognises equity-settled share-based payment transactions, including capital increases through non-monetary contributions, and the corresponding increase in equity at the fair value of the goods or services received, unless that fair value cannot be reliably estimated, in which case the value is determined by reference to the fair value of the equity instruments granted.

Equity instruments granted as consideration for services rendered by Group employees or third parties that supply similar services are measured by reference to the fair value of the equity instruments offered.

(i) ***Equity-settled share-based payment transactions***

Equity-settled payment transactions are recognised as follows:

- If the equity instruments granted vest immediately on the grant date, the services received are recognised in full, with a corresponding increase in equity;

- If the equity instruments granted do not vest until the employees complete a specified period of service, those services are accounted for during the vesting period, with a corresponding increase in equity.

The Group determines the fair value of the instruments granted to employees at the grant date.

If the service period is prior to the plan award date, the Group estimates the fair value of the consideration payable, to be reviewed on the plan award date itself.

Market vesting conditions and non-vesting conditions are taken into account when estimating the fair value of the instrument. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received is based on the number of equity instruments that eventually vest. Consequently, the Group recognises the amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revises that estimate if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

Once the services received and the corresponding increase in equity have been recognised, no additional adjustments are made to equity after the vesting date, although any necessary reclassifications in equity may be made.

(ii) ***Tax effect***

In accordance with prevailing tax legislation in Spain and other countries in which the Group operates, costs settled through the delivery of share-based instruments are deductible in the tax period in which delivery takes place, in which case a temporary difference arises as a result of the time difference between the accounting recognition of the expense and its tax-deductibility.

v) Grants, donations and bequests

Grants, donations and bequests are recorded as a liability when, where applicable, they have been officially awarded and the conditions attached to them have been met or there is reasonable assurance that they will be received.

Monetary grants, donations and bequests are measured at the fair value of the sum received, whilst non-monetary grants, donations and bequests are accounted for at fair value of the asset received.

In subsequent years, grants, donations and bequests are recognised as income as they are applied.

Capital grants are recognised as income over the same period and in the proportions in which depreciation on those assets is charged or when the assets are disposed of, derecognised or impaired.

w) Income taxes

Income tax in the consolidated income statement comprises total debits or credits deriving from income tax paid by Spanish Group companies and those of a similar nature of foreign entities.

The income tax expense for each year comprises current tax and, where applicable, deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to calculate these amounts are those prevailing at the closing date in each country.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

The Group calculates deferred tax assets and liabilities using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted (or substantially enacted) by the end of the reporting period.

Deferred tax assets and liabilities are not discounted at present value and are classified as non-current irrespective of the reversal date.

At each close, the Group analyses the carrying amount of the deferred tax assets recognised and makes the necessary adjustments where doubts exist regarding their future recovery. Deferred tax assets not recognised in the consolidated statement of financial position are also re-evaluated at each accounting close and are recognised when their recovery through future tax profits appears likely, as specified in note 2.4 (a).

The tax effect of items recognised in equity is also recognised directly in equity. The recognition of deferred tax assets and liabilities arising from business combinations affects goodwill.

Deferred tax assets and liabilities are presented at their net amount only when they relate to income taxes levied by the same taxation authority on the same taxable entity, provided that there is a legally enforced right to set off current taxes against assets and liabilities or the intention to realise the assets and settle the liabilities simultaneously.

x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

y) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months after the reporting date.

- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

z) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred. The Group recognises environmental provisions if necessary.

aa) Related party transactions

Sales to and purchases from related parties take place in the same conditions as those existing in transactions between independent parties.

ab) Interest

Interest is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of a financial instrument to the net carrying amount of that financial instrument based on the contractual terms of the instrument and not considering future credit losses.

4. BUSINESS COMBINATIONS

a) Acquisition of the El Árbol Group

On 2 July 2014 the Parent entered into an agreement whereby the Group committed to purchasing 100% of the share capital of the El Árbol Distribución y Supermercados, S.A. group (hereinafter "El Árbol") and, indirectly, its subsidiary Compañía Gallega de Supermercados, S.A. (in which El Árbol holds a 94.24% controlling interest), as well as the participating loan extended to most of El Árbol's shareholders (the "Transaction"). Once authorisation had been obtained from the Spanish competition authorities, the final sale and purchase contract was signed on 31 October 2014, which is, therefore, the date on which the Group took control over the acquired businesses (see note 1). The DIA Group paid a fixed price for 100% of the share capital of El Árbol and the participating loan of Euros 21,000 thousand and a variable price linked to the revenues of El Árbol for the 2015-2018 period, both inclusive. This variable price has been valued by an independent expert at Euros 15,989 thousand and recognised in other provisions under non-current provisions at the reporting date of these consolidated annual accounts (see note 18.3).

This acquiree generated consolidated revenues of Euros 120,597 thousand and a consolidated loss of Euros 5,931 thousand for the Group between the acquisition date, 31 October 2014, and the 2014 reporting date. Had the acquisition taken place on 1 January 2014, the Group's revenue and profit for the year attributable to equity holders of the Parent would have increased by Euros 597,574 thousand and decreased by Euros 77,499 thousand, respectively.

Details of the consideration given, the fair value of the net assets acquired and the goodwill arising on the El Árbol business combination are as follows:

Thousands of Euros	2014
Price agreed	36,989
Value of the net assets adquired	120,850
Goodwill (Excess of net assets acquired over the acquisition cost) (note 7.1)	**157,839**

The price paid includes the acquiree's debt with its former shareholder at the acquisition date, which has been assumed by the Group.

The carrying amount of the assets and liabilities acquired from the El Árbol Group, excluding the goodwill registered for Euros 46,198 thousands that has been added to the total calculation of the goodwill, was Euros 173,015 thousand negative at 31 October 2014. Negative valuation adjustments of Euros 293 thousand were required to bring their carrying amount into line with their fair value, net of their tax effect. In addition, the carrying amount of the assets and liabilities includes a participating loan whose nominal value and accrued interest at 31 October 2014 amounted to Euros 52,458 thousand. As the loan is intragroup, it is not included in the net assets in these consolidated accounts.

Details of the estimated fair value at 31 December 2014 of the assets, liabilities and contingent liabilities acquired in the El Árbol business combination are as follows:

Thousands of Euros	2014
Property, plant and equipment	71,299
Other intangible assets	3,854
Non-current financial assets	5,243
Deferred tax assets	1,273
Non-current assets	81,669
Inventories	54,200
Trade and other receivables	8,163
Current tax assets	404
Other current financial assets	1,139
Other assets	30
Cash and cash equivalents	6,464
Current assets	70,400
TOTAL ASSETS	**152,069**
Non-controlling interests	(41)
Total Equity	(41)
Non-current borrowings	14,933
Provisions	4,481
Deferred tax liabilities	1,147
Non-current liabilities	20,561
Deuda financiera corriente	34,280
Trade and other payables	190,184
Current tax liabilities	15,577
Current income tax liabilities	-
Other financial liabilities	12,358
Current liabilities	252,399
TOTAL LIABILITIES	**272,919**
TOTAL NET ASSETS	**(120,850)**

An amount of Euros 157,839 thousand, as it does not qualify for recognition as a separate asset and reflects the future economic benefits expected to flow to the Group as a result of extending its commercial offer – in a "neighbourhood" format with more competitiveness in purchases and a larger number of points of sale – has been recognised under goodwill. This goodwill is not tax-deductible.

b) Acquisition of Schlecker

In an agreement signed by the Parent with Schlecker International GmbH on 28 September 2012, the Group agreed to acquire 100% of the share capital of Schlecker, S.A. Unipersonal (hereinafter Schlecker Spain) and, indirectly, 100% of the share capital of Schlecker Portugal, Sociedade Uniperssoal Lda. (hereinafter Schlecker Portugal). Once authorisation had been obtained from the Spanish and Portuguese competition authorities, the final sale and purchase contract was signed on 1 February 2013, which is, therefore, the date on which the Group took control over the acquired businesses (see note 1). The Group paid a total price of Euros 66,987,307.46 for 100% of

Schlecker Spain and Schlecker Portugal's share capital and certain industrial property rights and other credit rights associated with these businesses. As part of the transaction, Euros 5.5 million were withheld to secure payment of any compensation that may be payable by the seller to the buyer or the acquired companies. This amount was recognised under non-current financial liabilities and will mature on 1 February 2018 (see notes 9.3 and 17.2). The Group has placed the same amount in a deposit which expires on the same date as this withholding. Any interest earned on this deposit, which is remunerated at market interest rates, is transferred to the seller.

This acquire generated consolidated revenues of Euros 245,748 thousand and consolidated profit of Euros 9,141 thousand for the Group between the acquisition date, 1 February 2013, and the 2013 reporting date. Had the acquisition taken place on 1 January 2013, the Group's revenue and profit for the year attributable to equity holders of the Parent would have amounted to Euros 24,596 thousand and Euros 245 thousand, respectively.

Details of the consideration given, the fair value of the net assets acquired and the goodwill arising on the Schlecker business combination are as follows:

Thousands of Euros	2013
Price agreed	66,987
Subrogation of debt	(12,611)
Value of the brands (note 7.2)	(3,004)
Value of the net assets adquired	(2,781)
Goodwill (Excess of net assets acquired over the acquisition cost) (note 7.1)	**48,591**

The price paid includes the acquiree's debt with its former shareholder at the acquisition date, which has been assumed by the Group.

Details of the fair values of the assets and liabilities acquired in the Schlecker business combination are as follows:

Thousands of Euros	2013
Property, plant and equipment	16,319
Other intangible assets	74
Non-current financial assets	2,921
Deferred tax assets	1,910
Non-current assets	21,224
Inventories	35,444
Trade and other receivables	1,117
Current tax assets	2,188
Other assets	1,053
Cash and cash equivalents	10,880
Current assets	50,682
TOTAL ASSETS	**71,906**
Non-current borrowings	21,892
Provisions	988
Deferred tax liabilities	1,413
Non-current liabilities	24,293
Trade and other payables	33,532
Current tax liabilities	4,270
Current income tax liabilities	19
Other financial liabilities	7,011
Current liabilities	44,832
TOTAL LIABILITIES	**69,125**
TOTAL NET ASSETS	**2,781**

An amount of Euros 48,591 thousand, which does not qualify for recognition as a separate asset and reflects the future economic benefits expected to flow to the Group as a result of extending its commercial offer – in a "neighbourhood" format with more competitiveness in purchases and a larger number of points of sale – has been recognised under goodwill. This goodwill is not tax-deductible.

5. INFORMATION ON OPERATING SEGMENTS

For management purposes the Group is organised into business units, based on the countries in which it operates, and has three reporting segments:

- Iberia (Spain, Portugal and Switzerland).
- France.
- Emerging Countries (Brazil, Argentina and China).

Following the sale of the sub-group headed by DIA France on 30 November 2014, the operating segments at 31 December 2014 consist of Iberia and Emerging Countries.

Management monitors the operating results of its business units separately in order to make decisions on 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. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

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

Details of the key indicators expressed by segment are as follows:

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Tax identification number A-28164754 – company filed with the Madrid Mercantile Registry on 9 December 1966, volume 2,063 of companies, page 91, sheet 11,719

Thousands of Euros at 31st December 2014	Segment 1 - Iberia -	Segment 2 - France-	Segment 3 - Emerging -	Consolidated
Sales (1)	5,221,558	-	2,789,409	8,010,967
Adjusted EBITDA (2)	498,960	-	86,359	585,319
% of sales	9.6%	-	3.1%	7.3%
Non-current assets	1,588,409	-	408,571	1,996,980
Assets held for sale (3)	-	-	10	10
Liabilities	2,082,091	-	667,326	2,749,417
Liabilities associated with assets held for sale (3)	-	-	96	96
Acquisition of non-current assets	200,447	4,527	144,434	349,408
Number of outlets (4)	5,145	-	1,891	7,036

Thousands of Euros at 31st December 2013	Segment 1 - Iberia -	Segment 2 - France-	Segment 3 - Emerging -	Consolidated
Sales (1)	5,283,695	-	2,661,886	7,945,581
Adjusted EBITDA (2)	504,738	-	76,648	581,386
% of sales	9.6%	-	2.9%	7.3%
Non-current assets	1,218,687	703,707	317,353	2,239,747
Assets held for sale (3)	110	-	5,990	6,100
Liabilities	2,042,239	578,659	566,053	3,186,951
Liabilities associated with assets held for sale (3)	-	-	31,056	31,056
Acquisition of non-current assets	187,356	46,903	127,544	361,803
Investments in associates	-	488	-	488
Number of outlets (4)	4,792	-	1,671	6,463

(1) Sales eliminations arising from consolidation are included in segment 1
(2) Adjusted EBITDA = operating income before depreciation, amortisation and impairment, profit/(loss) on changes in fixed assets and other restructuring revenues and expenses included under "Operating expenses". See note 214
(3) Data related to Beijing DIA Commercial Co. Ltd. is included in the segment 3
(4) Without data related to France in segment 2 and Beijing DIA Commercial Co. Ltd. In segment 3 in 2014 and 2013, and Diasa DIA Sabanci Supermarketleri Ticaret, A.S, in the segment 3 in 2013.

Details of revenues and non-current assets (except for financial assets and deferred tax assets) are as follows:

Thousands of Euros	Sales 2014	Sales 2013	Tangible and intangible assets 2014	Tangible and intangible assets 2013
Spain	4,496,878	4,499,499	1,138,194	874,864
Portugal	724,680	784,196	263,126	252,917
France (*)	-	-	-	693,407
Argentina	1,096,027	1,052,421	136,283	96,492
Brazil	1,523,741	1,440,693	214,200	170,854
China	169,641	168,772	15,643	12,893
Switzerland	-	-	119	225
Total	**8,010,967**	**7,945,581**	**1,767,565**	**2,101,652**

(*) Property, plant and equipment and intangible assets for 2013 include the assets of DIA France and its subsidiaries, which were excluded from the scope consolidation in 2014.

6. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and movements are as follows:

Thousands of Euros	Land	Buildings	Technical installations, machinery and other fixed assets	Total
Cost				
At 1st January 2013	**185,275**	**864,345**	**2,280,114**	**3,329,734**
Additions	981	53,534	294,424	348,939
Disposals	(817)	(9,175)	(64,940)	(74,932)
Transfers	(2)	385,368	(385,155)	211
Additions to the consolidated group	5,019	8,628	29,882	43,529
Exits from consolidation perimeter	-	-	(96,748)	(96,748)
Other movements	-	(194)	(95)	(289)
Transfers to assets held for sale	-	-	4,464	4,464
Translation differences	(3,721)	(30,841)	(55,715)	(90,277)
At 31st December 2013	**186,735**	**1,271,665**	**2,006,231**	**3,464,631**
Additions	6,499	83,812	251,563	341,874
Disposals	-	(13,926)	(46,254)	(60,180)
Reversal	-	-	(1,539)	(1,539)
Transfers	36	34,816	(36,791)	(1,939)
Additions to the consolidated group	1,180	3,002	67,117	71,299
Exits from consolidation perimeter	(54,536)	(269,644)	(670,399)	(994,579)
Other movements	-	(13)	(284)	(297)
Translation differences	(734)	(8,101)	(8,998)	(17,833)
At 31st December 2014	**139,180**	**1,101,611**	**1,560,646**	**2,801,437**
Depreciation				
At 1st January 2013	**-**	**(261,178)**	**(1,416,639)**	**(1,677,817)**
Amortisation and depreciation (note 21.5)	-	(44,754)	(138,039)	(182,793)
Disposals	-	4,343	45,858	50,201
Transfers	-	(263,436)	257,745	(5,691)
Additions to the consolidated group	-	(1,948)	(23,630)	(25,578)
Exits from consolidation perimeter	-	-	59,138	59,138
Other movements	-	(8,907)	(73,131)	(82,038)
Transfers to assets held for sale	-	-	(1,015)	(1,015)
Translation differences	-	4,905	24,085	28,990
At 31st December 2013	**-**	**(570,975)**	**(1,265,628)**	**(1,836,603)**
Amortisation and depreciation (note 21.5)	-	(46,696)	(131,049)	(177,745)
Disposals	-	8,279	37,246	45,525
Transfers	-	(138)	1,220	1,082
Exits from consolidation perimeter	-	70,314	375,104	445,418
Other movements	-	(2,179)	286	(1,893)
Translation differences	-	1,299	2,902	4,201
At 31st December 2014	**-**	**(540,096)**	**(979,919)**	**(1,520,015)**
Impairment				
At 1st January 2013	**-**	**(8,446)**	**(24,840)**	**(33,286)**
Allowance (note 21.5)	-	(1,572)	(631)	(2,203)
Distribution	-	1,869	6,803	8,672
Reversals (note 21.5)	-	3,100	467	3,567
Other movements	-	(3,657)	(2,318)	(5,975)
Transfers	-	(1,778)	6,760	4,982
Transfers to assets held for sale	-	-	(1,448)	(1,448)
Additions to the consolidated group	(271)	(1,304)	-	(1,575)
Exits from consolidation perimeter	-	-	484	484
Translation differences	-	315	90	405
At 31st December 2013	**(271)**	**(11,473)**	**(14,633)**	**(26,377)**
Allowance (note 21.5)	(341)	(4,317)	(2,026)	(6,684)
Distribution	-	868	764	1,632
Reversals (note 21.5)	-	878	243	1,121
Other movements	-	-	(3)	(3)
Transfers	-	217	579	796
Exits from consolidation perimeter	-	5,449	12,972	18,421
Translation differences	-	45	(17)	28
At 31st December 2014	**(612)**	**(8,333)**	**(2,121)**	**(11,066)**
Net carrying amount				
At 31st December 2014	**138,568**	**553,182**	**578,606**	**1,270,356**
At 31st December 2013	**186,464**	**689,217**	**725,970**	**1,601,651**

81% of technical installations, machinery and other fixed assets at 31 December 2014 are technical installations and machinery, 10% are other installations, equipment and furniture and the remainder are other fixed assets.

Euros 154,592 thousand of additions for 2014 (Euros 146,302 thousand at 31 December 2013) were made in Spain and were the result of opening new establishments, as well as extension, improvement and refurbishment works. Additions in Portugal during 2014 total Euros 39,200 thousand, of which Euros 21,766 thousand are due to the purchase of the Torres Novas warehouse. As in the preceding year, additions in the emerging countries in 2014 were the result of opening new establishments, principally in Brazil amounting to Euros 72,586 thousand (Euros 63,588 thousand at 31 December 2013) and in Argentina amounting to Euros 65,025 thousand (Euros 53,105 thousand at 31 December 2013).

Disposals for 2014 and 2013 primarily comprise items replaced as a result of these improvements and disposals due to store closures. Assets with a total carrying amount of Euros 6,161 thousand were derecognised in Spain in 2014 (Euros 6,637 thousand at 31 December 2013). Other disposals for 2014 and 2013 are related to the adaptation of stores in other countries in which the DIA Group operates.

The Group has written down the assets of certain CGUs to their value in use. In Spain this has had a net impact of Euros 4,635 thousand in 2014 and Euros (434) thousand in 2013.

Details of the cost of fully depreciated property, plant and equipment in use at 31 December are as follows:

Thousands of Euros	2014	2013
Buildings	226,386	203,997
Technical installations, machinery and other fixed asset	582,673	603,670
Total	**809,059**	**807,667**

The changes in fully depreciated items of property, plant and equipment arose due to the exclusion of France from the scope of consolidation.

Buildings include the amount of the Seville warehouse of Twins Alimentación S.A., which is subject to a financing arrangement. Furthermore, as a result of Schlecker's incorporation into the scope of consolidation in 2013, the Group has assumed three new mortgage loans secured on three warehouses in Tarragona, Zaragoza and Cuenca (see note 17.1).

The Group has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

Finance leases

Finance leases have been arranged for the stores at which the Group's principal activities are carried out. There are also finance leases for technical installations, machinery and other fixed assets.

The Group has acquired the following items of property, plant and equipment under finance leases and hire purchase contracts:

Thousands of Euros	2014	2013
Land	115	3,922
Cost	115	3,922
Buildings	328	23,872
Cost	344	25,155
Accumulated depreciation	(16)	(1,283)
Technical installations, machinery and other fixed assets	19,304	15,729
Cost	27,706	20,645
Accumulated depreciation	(8,402)	(4,916)
Net carrying amount	**19,747**	**43,523**

The main variation in contracts of this nature from one year to the next, in land and buildings, is due to the exclusion of France from the DIA Group. The variation in technical installations, machinery and other fixed assets is due primarily to the finance lease agreements arranged by the Parent mentioned in the foregoing paragraph.

Interest incurred on finance leases totalled Euros 1,054 thousand in 2014 and Euros 746 thousand in 2013 (see note 21.7).

Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments, are as follows:

	2014		2013	
Thousands of Euros	Minimum payments	Present value	Minimum payments	Present value
Less than one year	7,002	5,912	10,225	8,480
Two to five years	14,714	12,161	29,918	27,452
More than 5 years	895	730	497	404
Total minimum payments and present value	**22,611**	**18,803**	**40,640**	**36,336**
Less current portion (note 17.1)	(7,002)	(5,912)	(10,225)	(8,480)
Total non-current (note 17.1)	**15,609**	**12,891**	**30,415**	**27,856**

Future minimum lease payments are reconciled with their present value as follows:

Thousands of Euros	2014	2013
Minimum future payments	22,578	25,714
Purchase option	33	14,926
Unaccrued finance expenses	(3,808)	(4,304)
Present value	**18,803**	**36,336**

7. INTANGIBLE ASSETS

7.1. Goodwill

Details of goodwill by operating segment before aggregation and movement during the period are as follows:

Thousands of Euros	SPAIN	FRANCE	PORTUGAL	TURKEY	TOTAL
Net goodwill at 01/01/2013	**218,511**	**145,838**	**39,754**	**18,863**	**422,966**
Additions	-	458	-	-	458
Disposals	-	(10)	-	-	(10)
Transfers	-	759	-	-	759
Provision for impairment (note 21.5)	(27)	-	-	-	(27)
Additions to the consolidated group	48,591	514	-	-	49,105
Exits from consolidation perimeter	-	-	-	(17,622)	(17,622)
Translation differences	-	-	-	(1,241)	(1,241)
Net goodwill at 31/12/2013	**267,075**	**147,559**	**39,754**	**-**	**454,388**
Disposals	-	(1,022)	-	-	(1,022)
Provision for impairment (note 21.5)	(26)	-	-	-	(26)
Additions to the consolidated group	157,839	-	-	-	157,839
Exits from consolidation perimeter	-	(146,537)	-	-	(146,537)
Net goodwill at 31/12/2014	**424,888**	**-**	**39,754**	**-**	**464,642**

The goodwill reported by the Group primarily relates to the following business combinations:

- Goodwill in Spain has increased by Euros 157,839 thousand due to the acquisition of El Árbol on 31 October 2014 (see note 4). Goodwill in Spain has increased by Euros 48,591 thousand in 2013 due to the acquisition of Schlecker on 1 February 2013. Goodwill generated in prior years mainly reflects the business combinations arising from the acquisition of Plus Supermercados S.A. for Euros 160,553 thousand in 2007, and the acquisition of Distribuciones Reus, S.A. for Euros 26,480 thousand in 1991.

- The goodwill generated in France mainly reflects the business combinations arising from the acquisition of Penny Market, S.A. by DIA France and another company, Inmmobiliere Erteco, SAS, for Euros 67,948 thousand and Euros 3,501 thousand, respectively, in 2005, and the acquisition of Sonnenglut/Treff Marché for Euros 10,510 thousand in 2003. This goodwill was derecognised in full after France exited the DIA Group on 30 November 2014.

- In both Spain and France, goodwill has been generated in the past as a result of the acquisition of stores and groups of stores.

- In Portugal, goodwill was generated on the business combination arising from the acquisition of Companhia Portuguesa de Lojas de Desconto, S.A. in 1998.

- In Turkey, goodwill was generated on the acquisition of Endi Tüketim Mallari Ticaret Ve Sanayi Anonim Sirketi in 2006 and was derecognised as a result of the sale, and consequent exclusion from the scope of consolidation, of DIA Turkey on 1 July 2013.

For impairment testing purposes, goodwill has been allocated to DIA's cash-generating units up to country level.

The recoverable amount of a group of CGUs is determined based on its value in use. These calculations are based on cash flow projections from the financial budgets approved by management over a period of five years. Cash flows beyond this five-year period are extrapolated using the estimated growth rates indicated below. The growth rate should not exceed the average long-term growth rate for the distribution business in which the Group operates.

The following main assumptions are used to calculate value in use:

	Spain		Portugal	
	2014	2013	2014	2013
Sales growth rate (1)	6.50%	2.66%	3.40%	3.20%
Growth rate (2)	2.00%	2.00%	2.00%	2.00%
Discount rate (3)	7.41%	8.08%	8.24%	11.02%

(1) Weighted average annual growth rate of sales for the five-year projected period
(2) Weighted average growth rate used to extrapolate cash flows beyond the budgeted period
(3) Discount rate before tax applied to cash flow projections

The increase in the average growth rate of sales in Spain with respect to 2013 is due primarily to the acquisition of El Árbol in 2014 and the expected purchase of around 160 stores from the Eroski Group during 2015.

These assumptions have been used to analyse each group of CGUs within the business segment.

The Group determines budgeted weighted average sales growth based on estimated future performance and market forecasts.

Group management considers that the average weighted growth rates for sales over the next five years are consistent with past performance, taking into account expansion plans, store refittings to new formats and trends in macroeconomic indicators (population, inflation in food prices, etc).

According to the assumptions used to forecast cash flows, the gross margin will remain stable throughout the budgeted period.

The weighted average growth rates of cash flows in perpetuity are consistent with the forecasts included in industry reports. The discount rates used are pre-tax values calculated by weighting the cost of equity against the cost of debt using the average industry weighting. The cost of equity in each country is calculated considering the following factors: the risk-free rate of the country, the industry Beta, the market risk differential and the size of the company.

In all cases sensitivity analyses are performed in relation to the discount rate used and the growth rate of income in perpetuity to ensure that reasonable changes in these assumptions would not have an impact on the possible recovery of the goodwill recognised. Specifically, a variation of 200 basis points in the discount rate used or a growth rate of income in perpetuity of 0% would not result in the impairment of any of the goodwill recognised. Similarly, a 20 b.p. downturn in EBITDA margin and a 1% decline in the average growth rate of sales would not give rise to additional impairment.

For all the other countries, the following assumptions are used to calculate value in use of property, plant and equipment and intangible assets:

	Argentina		Brazil	
	2014	2013	2014	2013
Growth rate (2)	2.00%	2.00%	2.00%	2.00%
Discount rate (3)	12.60%	18.87%	8.09%	9.23%

	China	
	2014	2013
Growth rate (2)	2.00%	2.00%
Discount rate (3)	7.20%	8.56%

7.2. Other intangible assets

Details of other intangible assets and movements are as follows:

Thousands of Euros	Development cost	Industrial property	Leaseholds	Computer software	Other intangible assets	Total
Cost						
At 1st January 2013	**424**	**72**	**41,688**	**29,746**	**15,892**	**87,822**
Additions/Internal development	8,107	-	30	4,055	214	12,406
Disposals	(24)	-	(866)	(231)	(313)	(1,434)
Transfers	(3,395)	-	-	4,185	(290)	500
Transfers to assets held for sale	-	-	-	6	-	6
Additions to the consolidated group	-	3,552	775	508	-	4,835
Exists from consolidation perimeter	-	-	-	(417)	(778)	(1,195)
Translation differences	-	-	-	(436)	(319)	(755)
At 31st December 2013	**5,112**	**3,624**	**41,627**	**37,416**	**14,406**	**102,185**
Additions/Internal development	5,212	-	-	1,939	383	7,534
Disposals	(2)	-	(730)	(6,100)	(198)	(7,030)
Transfers	(2,950)	1,628	-	1,372	11	61
Additions to the consolidated group	-	-	1,267	1,289	1,298	3,854
Exists from consolidation perimeter	(1,207)	-	(14,673)	(9,487)	-	(25,367)
Other movements	(1,032)	-	-	-	-	(1,032)
Translation differences	-	-	-	(44)	(37)	(81)
At 31st December 2014	**5,133**	**5,252**	**27,491**	**26,385**	**15,863**	**80,124**
Depreciation						
At 1st January 2013	**-**	**(72)**	**(19,093)**	**(23,355)**	**(4,781)**	**(47,301)**
Amortisation and depreciation (note 21.5)	-	(587)	(980)	(4,126)	(465)	(6,158)
Disposals	-	-	79	192	121	392
Transfers	-	(1)	-	-	(17)	(18)
Transfers to assets held for sale	-	-	-	6	-	6
Additions to the consolidated group	-	(546)	(775)	(436)	-	(1,757)
Exists from consolidation perimeter	-	-	-	383	778	1,161
Other movements	-	-	-	(958)	(359)	(1,317)
Translation differences	-	-	-	255	136	391
At 31st December 2013	**-**	**(1,206)**	**(20,769)**	**(28,039)**	**(4,587)**	**(54,601)**
Amortisation and depreciation (note 21.5)	-	(702)	(956)	(4,746)	(455)	(6,859)
Disposals	-	-	386	6,100	-	6,486
Exits from consolidation perimeter	-	-	318	7,607	-	7,925
Other movements	-	-	-	(280)	-	(280)
Translation differences	-	-	-	43	15	58
At 31st December 2014	**-**	**(1,908)**	**(21,021)**	**(19,315)**	**(5,027)**	**(47,271)**
Impairment						
At 1st January 2013	**-**	**-**	**(1,579)**	**-**	**(565)**	**(2,144)**
Distribution	-	-	655	-	28	683
Reversals (note 21.5)	-	-	-	-	164	164
Transfers	-	-	(759)	-	16	(743)
Other movements	-	-	36	-	1	37
Translation differences	-	-	-	-	32	32
At 31st December 2013	**-**	**-**	**(1,647)**	**-**	**(324)**	**(1,971)**
Allowance (note 21.5)	-	-	-	-	(45)	(45)
Distribution	-	-	133	-	-	133
Reversal (note 21.5)	-	-	-	-	109	109
Transfers	-	-	(17)	-	17	-
Exits from consolidation perimeter	-	-	1,483	-	-	1,483
Translation differences	-	-	-	-	5	5
At 31st December 2014	**-**	**-**	**(48)**	**-**	**(238)**	**(286)**
Net carrying amount						
At 31st December 2014	**5,133**	**3,344**	**6,422**	**7,070**	**10,598**	**32,567**
At 31st December 2013	**5,112**	**2,418**	**19,211**	**9,377**	**9,495**	**45,613**

Additions to development costs reflect IT projects developed internally in Spain amounting to Euros 5,212 thousand (at 31 December 2013: Euros 4,493 thousand in Spain and Euros 1,497 thousand in France) as well the capitalisation of the Euros 2,117 thousand cost of developing the store model and product line for Clarel stores in Schlecker in 2013. The Group has also acquired computer software for Euros 1,049 thousand in 2014 (at 31 December 2013: Euros 2,104 thousand in Spain and Euros 1,037 thousand in France).

The amount under incorporation into the scope of consolidation in 2013 reflects the acquisition of the different brands of product sold by the subsidiary Schlecker, S.A. for Euros 3,004 thousand, which formed part of the purchase price paid for this company on 1 February 2013 (see note 4).

As indicated in note 7.1, in 2014 and 2013 the DIA Group has recognised impairment losses on its intangible assets. These impairment losses have been included in the income statement under amortisation, depreciation and impairment (see note 21.5).

Details of fully amortised intangible assets at each year end are as follows:

Thousands of Euros	2014	2013
Computer software	13,968	19,254
Leaseholds and other	5,786	4,990
Total	**19,754**	**24,244**

The change in fully amortised intangible assets is the result of France no longer being consolidated.

8. OPERATING LEASES

The Group has leased certain assets under operating leases from third parties.

The main operating leases are for warehouses used by the Group and the business premises from which it operates.

Details of the main operating lease contracts in force at 31 December 2014 are as follows:

Warehouse	Country	Minimum lease period	Warehouse	Country	Minimum lease period
Getafe	SPAIN	2017	Almería	SPAIN	2015
Mallén	SPAIN	2023	Murcia	SPAIN	2015
Manises	SPAIN	2018	Zaragoza	SPAIN	2020
Mejorada del Campo	SPAIN	2018	Albufeira	PORTUGAL	2015
Miranda	SPAIN	2016	Ourique	PORTUGAL	2015
Orihuela	SPAIN	2023	Loures	PORTUGAL	2015
Sabadell	SPAIN	2022	Grijó	PORTUGAL	2015
San Antonio	SPAIN	2023	Fengshujinda	CHINA	2015
Tarragona	SPAIN	2018	Anhanghera	BRAZIL	2015
Villanubla	SPAIN	2019	Guarulhos	BRAZIL	2015
Santander	SPAIN	2017	Americana	BRAZIL	2015
Mieres	SPAIN	2015	Porto Alegre	BRAZIL	2015
Granda-Siero	SPAIN	2016	Ribeirao Preto	BRAZIL	2018
Valladolid	SPAIN	2018	Belo Horizonte	BRAZIL	2016
Salamanca	SPAIN	2015	Aruja	BRAZIL	2016
Zafra	SPAIN	2018	Avellaneda	ARGENTINA	2015

Operating lease payments are recognised in the consolidated income statement as follows:

Thousands of Euros	2014	2013
Minimum lease payments, property (note 21.4)	243,383	229,500
Minimum lease payments, furniture and equipment (note 21.4)	5,552	3,795
Sublease payments (note 21.1)	(45,210)	(38,011)
Total	**203,725**	**195,284**

Sublease revenues comprise the amounts received from the concessionaires to carry out their activities, and in turn improve the Group's commercial offerings to its customers, as well as those received from subleases to franchise holders.

Future minimum payments under non-cancellable operating leases for property are as follows:

Thousands of Euros	2014	2013
Less than one year	91,112	174,785
One to five years	87,626	191,331
Over five years	31,972	87,922
Total	**210,710**	**454,038**

The main decline in future minimum payments under non-cancellable operating leases for property is the result of France no longer forming part of the DIA Group.

Future minimum payments under non-cancellable operating leases for furniture and equipment are as follows:

Thousands of Euros	2014	2013
Less than one year	5,017	2,761
One to five years	4,383	1,376
Total	**9,400**	**4,137**

9. FINANCIAL ASSETS

Details of financial assets in the consolidated statements of financial position at 31 December are as follows:

Thousands of Euros	2014	2013
Non-current assets		
Non-current financial assets	81,162	79,086
Consumer loans from finance activities	363	555
Current assets		
Trade and other receivables	244,592	209,661
Consumer loans from finance activities	6,362	5,698
Other current financial assets	12,144	10,714
TOTAL	**344,623**	**305,714**

9.1. Current and non-current consumer loans from financing activities

These balances mainly reflect loans granted by the Group company FINANDIA EFC to individual residents in Spain, calculated at amortised cost, which does not differ from their fair value.

In 2014, as in the preceding period, the effective interest rate of credit card receivables ranged from 0% for customers who pay upfront to a variable nominal rate of 2.16% for customers making use of revolving credit facilities and which may be changed subject to prior individual notification of the customer.

Interest and similar income from these assets recognised in the consolidated income statement amounted to Euros 2,075 thousand and Euros 1,514 thousand in 2014 and 2013 (see note 21.1).

9.2. Trade and other receivables

Details of current and non-current trade and other receivables are as follows:

Thousands of Euros	2014	2013
Trade receivables	273,587	233,782
Receivables from associates companies	-	618
Total trade and other receivables	**273,587**	**234,400**
Less current portion	244,592	209,661
Total non-current (note 9.3)	**28,995**	**24,739**

a) Trade receivables

Trade receivables primarily comprise current trade credit for purchases of goods made by the Group's franchises and uninvoiced income from services rendered to suppliers. This item also includes non-current loans as part of the financing extended by the Group to its franchisees. This amount is disclosed at present value and generated interest of Euros 1,698 thousand in 2014 and Euros 1,463 thousand in the prior year, which has been recognised in the consolidated income statement.

b) Trade receivables from associates

In 2013 this item mainly reflects balances receivable by the French subsidiaries from their associates.

c) Impairment

Movements in the provision for impairment of receivables (see other disclosures on credit risk in note 24 (d)) are as follows:

Thousands of Euros	2014	2013
At 1st January	**(35,010)**	**(30,908)**
Charge	(11,241)	(15,788)
Applications	608	936
Reversals	3,976	8,296
Transfers to assets held for sale	-	31
Additions to the consolidated group	(3,227)	(236)
Exits from consolidation perimeter	11,737	1,236
Translation differences	294	1,423
At 31st December	**(32,863)**	**(35,010)**

9.3. Other current and non-current financial assets

Details of financial assets are as follows:

Thousands of Euros	2014	2013
Guarantees	38,063	40,150
Equity instruments	80	864
Loans to personnel	4,187	2,794
Other loans	2,503	2,812
Receivables on disposal of fixed assets	-	1,000
Derivatives (note 10)	71	386
Current account with associated companies	-	2,710
Other financial assets	13,907	8,845
Trade receivables > 1 year (note 9.2)	28,995	24,739
Other non-current financial assets	5,500	5,500
Total other financial assets	**93,306**	**89,800**
Less current portion	12,144	10,714
Total non-current	**81,162**	**79,086**

Guarantees are the amounts pledged to lessors to secure lease contracts. These amounts are measured at present value and any difference with their nominal value is recognised under prepayments for current or non-current assets. The interest on these assets included in the consolidated income statement in 2014 amounted to Euros 650 thousand (Euros 620 thousand in 2013).

Equity instruments in 2013 refer primarily to the investments held by the Group in companies in France that are excluded from the scope of consolidation and are measured at cost as they are not significant.

An asset derived from sales tax in Brazil is the main component of both the current and the non-current balance under other financial assets, totalling Euros 13,907 thousand in 2014 and Euros 8,845 thousand in 2013.

Other non-current financial assets also reflect the Euros 5,500 thousand deposit of the amount withheld from the acquisition price of the Schlecker, S.A. business combination (see notes 4 and 17.2).

Derivatives reflect the assets generated from the use of forward contracts in foreign currency to hedge the currency risk on purchases of inventories in US Dollars. At 31 December 2014, effective cash flow hedges represent a net unrealised gain of Euros 74 thousand and in 2013 a net unrealised loss of Euros 173 thousand. The corresponding deferred taxes are included in the consolidated statements of comprehensive income.

10. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

Details of derivative financial instruments at the 2014 and 2013 reporting dates are as follows:

Thousands of Euros	2014	2013
Exchange derivatives - Cash flows hedges (note 9.3)	71	386
Exchange derivatives - Cash flows hedges (note 17.1)	(757)	-
Interest rate derivatives - Cash flows hedges (note 17.1)	(87)	(1,375)
Total	**(773)**	**(989)**

At 31 December 2013 the Parent of the DIA Group held various hedging instruments to mitigate the effect of possible interest rate rises, which have been cancelled during 2014. Following the El Árbol business combination, a new hedging instrument was arranged to mitigate the effect of possible interest rate rises.

The effect of these instruments on the consolidated income statements for both periods is not significant.

The Parent and DIA Argentina have arranged foreign currency derivatives in order to mitigate the possible effects on transactions performed in US dollars.

11. OTHER EQUITY-ACCOUNTED INVESTEES

The balance under equity-accounted investees reflects the Group's investment in Bladis, SAS (see note 1). Movement in 2014 and 2013 is as follows:

Thousands of Euros	2014	2013
Balance at 1st January	**787**	**1,303**
Share in profit	28	554
Dividends distributed	-	(1,070)
Exits from consolidation perimeter	(815)	-
Balance at 31st December	**-**	**787**

This investment was derecognised after France ceased to be consolidated (see note 1).

The key economic indicators presented by Bladis SAS in 2013 are as follows:

Thousands of Euros	2013
Assets	21,296
Net equity	2,714
Sales	109,544
Profit for the six-month period	1,661

12. OTHER ASSETS

Details of other assets are as follows:

Thousands of Euros	2014 Current	2013 Current
Prepayments for operating leases	2,716	7,727
Prepayments for guarantees	686	619
Prepayments for insurance contracts	951	2,233
Other prepayments	3,483	3,533
Total other assets	**7,836**	**14,112**

The main variations in these assets are the result of DIA France no longer forming part of the DIA Group.

13. INVENTORIES

Details of inventories are as follows:

Thousands of Euros	2014	2013
Goods for resale	545,707	543,335
Other supplies	7,412	1,532
Total inventories	**553,119**	**544,867**

At 31 December 2014 and 2013 there are no restrictions to the availability of any inventories.

The Group has taken out insurance policies to cover the risk of damage to its inventories. The coverage of these policies is considered sufficient.

The main reasons for the variation in this line item are the respective increases and decreases in inventories caused El Árbol's addition to and DIA France's exclusion from the scope of consolidation. In addition, there has been an increase in inventories in Brazil and Argentina.

14. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

Thousands of Euros	2014	2013
Cash and current account balances	139,177	148,638
Cash equivalents	59,827	113,399
Total	**199,004**	**262,037**

Balances in current accounts earn interest at applicable market rates. Current investments are made for daily, weekly and monthly periods and generate interest at different rates depending on the country, ranging from 0.01% to 0.95% in 2014 and from 0.48% to 0.89% in 2013, with the exception of Argentina, where this type of deposit was introduced in 2013, generating interest at a rate of 12.55%. In 2014 there were no amounts allocated to this type of deposit in Argentina.

The balance of cash equivalents at 31 December 2013 reflects the deposits maturing at under 3 months, mainly in Portugal, Brazil, France and Argentina. At 31 December 2014 this heading mainly includes deposits in Brazil and Portugal.

15. DISPOSAL GROUPS OF ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 20 June 2014 the Parent arranged a put option entailing an exclusivity agreement with Carrefour France SAS (the Option and Exclusivity Rights), whereby Carrefour undertakes to purchase all of the share capital of DIA France SAS (DIA France), the company in which all of DIA's activities as a whole are concentrated in France (the Transaction), should DIA exercise the Option. As per the Option and Exclusivity Rights, the enterprise value of DIA France is Euros 600 million, and this was used as a basis to determine the ultimate economic terms and conditions of the Transaction by applying certain adjustments relating to the net financial debt and working capital of DIA France that are commonplace in this type of operation. The Transaction was subject to a final agreement being reached following the consultation period with the DIA France workers' committee, and execution thereof would in turn be subject to approval by the pertinent authorities. This transaction was completed on 30 November 2014, on which date the business in France ceased to form part of the DIA Group (see notes 1 and 2.2). Following settlement at their carrying amount of the reciprocal payables/receivables between DIA and DIA France, the Parent received Euros 238,885 thousand, net of transaction costs, for the sale of all the share capital of DIA France SAS.

After taking into consideration the provisions totalling Euros 20,800 thousand (see note 18.2) in respect of possible risks associated with the disposal of this company, this sale generated capital gains of Euros 260,063 thousand in the consolidated income statement for 2014 of the DIA Group.

On 19 April 2013 DIA and its Turkish partner, Haci Ömer Sabanci Holding A.S., signed a contract with Yildiz Holding A.S. and SOK Marketler Ticaret A.S. whereby the latter two agreed to purchase 100% of the share capital of Diasa Dia Sabanci Süpermarketleri Ticaret A.S. (DIA Turkey), including DIA's 60% interest in its capital. This transaction was completed on 1 July 2013 (see note 1). DIA received Euros 27,335 thousand for the sale of its 60% shareholding in DIA Turkey. After taking into consideration the provisions totalling Euros 9,218 thousand (see note 18.2) in respect of possible risks associated with the disposal of this company, this sale generated capital gains of Euros 48,178 thousand in the consolidated income statement for 2013 of the DIA Group.

In 2012 the Group decided to classify Beijing DIA Commercial Co.Ltd. as a discontinued operation (see note 1).

The income and expenses of these discontinued operations recognised in the income statement for 2014 and 2013 are as follows:

Thousands of Euros	2014	2013
Income	1,513,851	2,175,078
Amortisation and depreciation	(61,502)	(84,368)
Expenses	(1,577,168)	(2,165,549)
Gross Margin	**(124,819)**	**(74,839)**
Financial income	-	239
Financial expenses	(9,385)	(12,004)
Profit of companies accounted for using the equity method	445	554
Pre-tax gain obteined on the sale of subsidiaries	74,626	45,413
Loss before taxes of discontinued operations	**(59,133)**	**(40,637)**
Income tax related to discontinued operations	186,418	16,368
Income tax of the discontinued subsidiaries	(6,703)	-
Profit/(Losses) net of taxes of discontinued operations	**120,582**	**(24,269)**
Net gain obteined on the sale of Group's companies	**260,063**	**48,178**

The impact on cash flows of the operations discontinued by the Group during these periods is as follows:

Thousands of Euros	2014	2013
Net cash flows from operating activities	(8,831)	10,409
Net cash flows used in investing activities	242	2,378
Net cash flows used in financing activities	(13,884)	(11,145)
Total cash flows	**(22,473)**	**1,642**

The assets and liabilities of the discontinued operations of Beijing DIA Commercial Co.Ltd, classified as held for sale at 31 December 2014 and 31 December 2013, are as follows:

Thousands of Euros	2014	2013
Assets		
Tangible fixed assets	-	1,993
Other Intangible assets	-	8
Other non-current financial assets	-	110
Inventories	-	137
Trade and other receivables	-	2,227
Current tax assets	-	1,047
Other current financial assets	10	132
Other assets	-	446
Non-current assets held for sale	**10**	**6,100**
Liabilities		
Current borrowings	-	8,778
Trade and other payables	91	15,798
Current income tax liabilities	-	203
Other financial liabilities	5	6,277
Liabilities directly associated with non-current assets held for sale	**96**	**31,056**

16. EQUITY

16.1. Capital

At 31 December 2014 and 2013 the share capital of the Company amounts to Euros 65,107,055.80 and is represented by 651,070,588 shares of Euros 0.10 par value each, fully subscribed and paid. These shares are freely transferable.

At a general meeting held on 26 April 2013, the shareholders resolved to reduce the Company's share capital by redeeming 28,265,442 own shares, representing 4.16% of share capital. The shareholders conferred the power to execute this capital reduction on the board of directors, which accordingly reduced the Company's share capital by Euros 2,826,544.2, i.e. 28,265,442 shares of Euros 0.10 par value each, at a meeting held on 26 July 2013. The Company's share capital following the capital reduction stood at Euros 65,107,055.80, represented by 651,070,558 shares.

The Euros 108,850 thousand difference between the cost incurred to acquire the own shares used in this capital redemption and their par value was charged to voluntary reserves. DIA also appropriated an amount equal to the par value of the redeemed shares to a redeemed capital reserve, which will only become available once it meets the conditions for reducing share capital set forth in Article 335.c) of the Spanish Companies Act (see note 16.3).

As the redeemed shares were held by the Company at the redemption date, no contributions were reimbursed as a result of this capital reduction.

The Company's shares are listed on the Spanish stock markets. According to public information filed with the Spanish National Securities Market Commission, the members of the board of directors control approximately 0.055% of the Company's share capital at the date of authorising these annual accounts for issue.

According to the same public information, the most significant interests in the Company's share capital at year end are as follows:

- Baillie Gifford & CO	8.056%
- Cervinia Europe.	5.013%
- Blue Partners, Sà.r.l.	3.986%
- Blackrock INC.	3.145%

The Group manages its capital with the aim of safeguarding its capacity to continue operating as a going concern, so as to continue providing shareholder remuneration and benefiting other stakeholders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, the Group can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups in the sector, the DIA Group controls its capital structure on a debt ratio basis. This ratio is calculated as net debt divided by adjusted EBITDA. Net debt is the sum of financial debt less cash and cash equivalents. Adjusted EBITDA is operating profit before depreciation and amortisation, impairment, gains/losses on disposal of fixed assets and other restructuring income and expenses included in operating expenses.

Ratios in 2014 and 2013 are calculated as follows:

Thousands of Euros	2014	2013
Total borrowings (note 17)	732,444	913,000
Less: cash and cash equivalents (note 14)	(199,004)	(262,037)
Net debt	533,440	650,963
Adjusted EBITDA	585,319	581,386
Debt ratio	**0,9x**	**1.1x**

16.2. Share premium

The share premium is freely distributable provided that equity does not fall below share capital as a result of its distribution.

16.3. Reserves and retained earnings

Details of reserves and retained earnings are as follows:

Thousands of Euros	2014	2013
Legal reserve	13,021	13,587
Goodwill reserve	11,058	9,262
Capital redemption reserve	2,827	2,827
Other reserves	(579,965)	(685,324)
Profit attributable to equityholders ot the parent	329,229	209,259
Total	**(223,830)**	**(450,389)**

The Parent's legal reserve has been provided for in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits. At 31 December 2014 the Parent has appropriated to this reserve more than the minimum amount required by law.

The goodwill reserve has been appropriated in compliance with the Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to recognised goodwill in the statement of financial position of Spanish companies. In the absence of profit, or if profit is insufficient, freely-distributable reserves should be used.

An amount equal to the par value of the own shares redeemed in 2013 has been appropriated to the redeemed capital reserve. It will only be available once the Company meets the conditions for reducing share capital set forth in Article 335.c) of the Spanish Companies Act (see note 16.1).

Other reserves include the consolidation reserve, the reserve for the translation of capital into Euros, totalling Euros 62.07. This non-distributable reserve reflects the amount by which share capital was reduced in 2001 as a result of rounding off the value of each share to two decimals on the conversion to Euros.

At 31 December 2014 the Parent's voluntary reserves amounting to Euros 35,525 thousand are freely distributable to shareholders with the same restrictions as the share premium, which amounts to Euros 618,157 thousand.

16.4. Other own equity instruments

a) Own shares

On 27 July 2011, in accordance with article 146 and subsequent articles of the Spanish Companies Act, the board of directors of the Parent approved an own share buy-back programme, the terms of which are as follows:

- The maximum number of own shares that can be acquired is equivalent to 2% of share capital.
- The maximum duration of the programme will be 12 months, unless an amendment to the term is announced in accordance with article 4 of Commission Regulation (EC) No 2273/2003.
- The purpose of the programme is to meet obligations derived from the remuneration plan for board members and from the terms of any share distribution or share option plans approved by the board of directors.
- A financial intermediary will be appointed to manage the programme, in accordance with article 6.3 of Commission Regulation (EC) No 2273/2003.

By 13 October 2011 the Company had acquired 13,586,720 own shares, reaching the maximum number foreseen in the buy-back programme.

On 14 November 2011 the board of directors approved the derivative acquisition of the Parent's shares and the arrangement of any kind of financial instrument or contract to acquire own shares (in addition to those already held by the Parent at the date of approval) representing up to 2% of the Parent's share capital.

As a result, on 21 December 2011 the Parent signed an agreement to acquire 13,586,720 own shares at a reference price of Euros 3.5580 per share. This contract included an option to acquire the shares at the agreed price by settling either in cash or at the difference between this agreed price and the share price on the contract expiry date, 21 January 2013. On expiry of this contract, the Parent agreed an extension, changing the contract settlement terms, leaving only the option of acquiring the shares for a price of Euros 5.1 per share on two expiry dates: 8,086,720 shares for Euros 41,242,272 on 21 July 2013, and the remaining 5,500,000 shares for Euros 28,050,000 on 21 January 2014. On the first of these expiry dates, 21 July 2013, the Company exercised the option for 8,086,720 shares at the agreed price. On the second expiry date, 21 January 2014, the Company signed an extension to the contract for the acquisition of 5,500,000 own shares, committing to acquiring the shares on 21 January 2015 (see note 26).

As authorised by the sole shareholder of the Parent in a decision taken on 9 May 2011 and in accordance with the Parent's Internal Regulations of Conduct on Stock Markets and the Own Share Policy approved by the board of directors, on 7 June 2012 the board of directors of DIA agreed to buy back additional own shares up to a maximum amount equivalent to 1% of the Parent's share capital. This scheme to buy back 6,793,360 shares ended on 2 July 2012. A further 800,000 shares were acquired on 4 April 2013.

At a meeting held on 26 July 2013, the board of directors of the Parent, in exercise of the powers conferred on it by the shareholders at their general meeting, agreed to reduce DIA's share capital by redeeming 28,265,442 own shares (see note 16.1).

On 1 August 2014 the Parent signed an equity swap contract with Société Générale whereby the latter acquired 6,000,000 own shares at a price of Euros 6.1944 per share. The contract was settled on 1 September 2014, when the Parent recognised the shares in its own shares for a total of Euros 37,166,400. The 6,000,000 shares were acquired as part of the new long-term Incentives Plan for 2014-2016 (see note 17.1)

Other transactions during 2014 and 2013 include the transfer of 393,219 shares and 398,019 shares, respectively, to the Group's directors and management personnel as remuneration, with respective charges of Euros 611 thousand and Euros 785 thousand to voluntary reserves at 31 December 2014 and 2013. In 2012 and 2011, 115,622 and 85,736 shares, respectively, were transferred to the Group's directors and management personnel as remuneration.

As a result, at the 2014 reporting date the Parent holds 11,508,762 own shares with an average purchase price of Euros 5.1147 per share, a total amount of Euros 58,864,185.94. These own shares are to be used to meet obligations to deliver shares to executives under the plans described in note 20.

b) Other own equity instruments

This reserve includes obligations derived from equity-settled share-based payment transactions following the approval by the board of directors and shareholders of the 2011-2014 long-term incentive plan and a multi-year incentive plan for executives. Beneficiaries were informed of the plan regulations on 11 June 2012. A new 2014-2016 long-term incentive plan (see note 20) was also included.

16.5. Dividends paid and proposed

Details of dividends paid are as follows:

Thousands of Euros	2014	2013
Dividends on ordinary shares	103,281	83,865
Dividend per share (in Euros)	0.16	0.13

Dividends per share (in Euros) are calculated based on the number of shares that entitle the holder to dividends at the distribution date; i.e. for 2014 the number of shares is 645,503,860 (645,113,209 shares in 2013).

The proposed distribution of the Parent's 2014 profit to be submitted to the shareholders for approval at their ordinary general meeting is as follows:

Basis of distribution	Euros
Share premium	473,313,487.24
Other reserves (note 16.3)	35,524,762.75
Total	**508,838,249.99**

Basis of allocation	Euros
Compensation of losses of 2014	391,946,286.18
Dividends (*)	115,121,123.28
Goodwill reserve	1,770,840.53
Total	**508,838,249.99**

(*) The directors have proposed that an ordinary dividend of Euros 0.18 (gross) be distributed for each of the shares with the corresponding economic rights. This figure is an estimate based on there being 639,561,796 shares that confer the right to receive this dividend, following any necessary adjustments. This estimate may vary depending on several factors, including the volume of shares held by the Company.

The distribution of profit for 2013 approved by the shareholders at their ordinary general meeting on 25 April 2014 is as follows:

Basis of distribution	Euros
Profit for the year	**105,255,198.88**

Basis of allocation	Euros
Dividends	103,280,617.60
Goodwill reserve	1,796,494.33
Other reserve	178,086.95
Total	**105,255,198.88**

As following the reduction in the Parent's share capital in 2013 the legal reserve exceeded the minimum amount required by law, the shareholders at the general meeting held on 25 April 2014 resolved that this surplus of Euros 565,308.84 be transferred to voluntary reserves.

16.6. Earnings per share

Basic earnings per share are calculated by dividing net profit for the period attributable to the Parent by the weighted average number of ordinary shares in circulation throughout the period, excluding own shares.

The weighted average number of ordinary shares outstanding is determined as follows:

	Weighted average ordinary shares in circulation at 31/12/2014	Ordinary shares at 31/12/2014	Weighted average ordinary shares in circulation at 31/12/2013	Ordinary shares at 31/12/2013
Total shares issued	651,070,558	651,070,558	667,410,307	651,070,558
Own shares	(7,647,083)	(11,508,762)	(21,364,957)	(5,901,981)
Total shares available and diluted	**643,423,475**	**639,561,796**	**646,045,350**	**645,168,577**

Details of the calculation of basic earnings per share are as follows:

	2014	2013
Average number of shares	**643,423,475**	**646,045,350**
Profit for the period in thousands of Euros	329,229	209,259
Profit per share in Euros	0.51	0.32

There are no equity instruments that could have a dilutive effect on earnings per share. Diluted earnings per share are therefore equal to basic earnings per share.

16.7. Non-controlling interests

Details of non-controlling interests at 31 December are as follows:

	Non-controlling interests			
Thousands of Euros	Diasa DIA Sabanci Supermarketleri Ticaret, A.S.	Proved, SAS	Compañía Gallega de Supermercados, S.A.	Total
At 1st January 2013	**(3,977)**	**(459)**	**-**	**(4,436)**
Loss for the period	(13,201)	-	-	(13,201)
Other comprehensive income for the year, net of tax	16,636	-	-	16,636
Addition to the consolidated group	-	459	-	459
Exists from consolidation perimeter	542	-	-	542
At 31st December 2013	**-**	**-**	**-**	**-**
Loss for the period	-	-	(5)	(5)
Addition to the consolidated group	-	-	(41)	(41)
At 31st December 2014	**-**	**-**	**(46)**	**(46)**

16.8. Translation differences

Details of translation differences at 31 December 2014 and 2013 are as follows:

Thousands of Euros	2014	2013
Argentina	(22,537)	(19,516)
Brazil	(15,488)	(12,565)
China (*)	(7,811)	(5,828)
Total	**(45,836)**	**(37,909)**

(*)The exchange differences recognised in the China segment for Beijing DIA Commercial Co.Ltd., whose assets and liabilities are classified as held for sale in 2014 and 2013, amounted to Euros 1,438 thousand at 31 December 2014 (Euros 2,049 thousand at 31 December 2013).

17. FINANCIAL LIABILITIES

Details of financial liabilities in the consolidated statement of financial position at 31 December are as follows:

Thousands of Euros	2014	2013
Non-current liabilities		
Non-current borrowings	532,532	700,672
Other non-current financial liabilities	7,539	8,245
Current liabilities		
Current borrowings	199,912	212,328
Trade and other payables	1,693,113	1,786,884
Other financial liabilities	136,189	156,679
Total financial liabilities	**2,569,285**	**2,864,808**

17.1. Borrowings

Details of borrowings are as follows:

Thousands of Euros	2014	2013
Debentures and bonds long term	494,701	-
Syndicated loan	-	650,563
Mortgage loans	6,964	9,024
Other bank loans	11,277	7,517
Finance lease payables (note 6)	12,891	27,856
Guarantees and deposits received	5,543	5,712
Other non-current borrowings	1,156	-
Total non-current borrowings	**532,532**	**700,672**
Debentures and bonds long term	3,396	-
Syndicated loan	-	140,244
Mortgage loans	2,039	1,952
Other bank loans	69,219	30,740
Finance lease payables (note 6)	5,912	8,480
Credit facilities drawn down	93,516	20,946
Expired Interests	364	1,485
Guarantees and deposits received	5,283	6,801
Liabilities derivatives (note 10)	844	1,375
Other current borrowings	19,339	305
Total current borrowings	**199,912**	**212,328**

On 10 July 2014 the Parent successfully issued bonds amounting to Euros 500 million with a maturity of 5 years, a coupon of 1.50% and an issue price of 99.419%. These bonds were issued on the Irish Stock Exchange. The bonds were issued as part of the Euro Medium-Term Note Programme (EMTN), as approved by the Central Bank of Ireland on 3 July 2014.

The bonds are jointly and severally guaranteed by certain Group subsidiaries. At 31 December 2014 the bonds were quoted at 101.858%.

Syndicated loans correspond to non-current financing extended to the Parent by various national and foreign entities.

On 3 July 2014 DIA signed an agreement with a number of financial entities for a five-year syndicated loan of Euros 400 million. The syndicated loan and the proceeds from the aforementioned bonds were used to fully repay the syndicated loan from 8 February 2013 and the bilateral loan agreement signed on 11 March 2013, as well as to partially repay the loan from 13 May 2011 (tranches A and B, amortising and bullet), as well as financing ordinary operations and working capital. The revolving credit of Euros 350.000 thousand with a maturity at 13 May 2016, has been keeping on. At 31 December 2014 no amounts have been drawn down from these syndicated loans that accrued interest at market rates.

The obligations assumed by the Parent in the loan arranged on 13 May 2011 are jointly and severally secured by its subsidiaries Twins Alimentación S.A., Pe-Tra Servicios a la Distribución, S.L., DIA Portugal Supermercados S.Lda. and DIA Brasil Sociedade Limitada. The obligations assumed in respect of the loan arranged by the Parent on 3 July 2014 are jointly and severally secured by Twins Alimentación, S.A.

At the 2014 close all covenant ratios linked to this financing, as defined in the arrangement, and which are calculated based on the DIA Group's consolidated annual accounts, have been met. Details are as follows:

Financial covenants	2011 Syndicated Loan	2014 Syndicated Loan
Total net debt (*)/ EBITDA (*)	< 2.50x	< 3.50x
EBITDA(*) / net finance costs (*)	> 6.50x	-

Mortgage loans include an agreement secured on a building owned by the subsidiary Twins Alimentación, S.A. This loan agreement bears interest at a fixed market rate of 5.070% and matures in 2019. In 2013 the Group arranged three new variable rate mortgage loans on the three warehouses owned by Schlecker, with rates of between 2.26% and 4.50%, reviewed quarterly, which mature no later than 2020. Details of these four mortgage loans at 31 December 2014 and 2013 are as follows:

	2014		2013	
Thousands of Euros	Outstanding principal	Net book value	Outstanding principal	Net book value
Warehouse - Dos Hermanas (Sevilla)	3,736	9,756	4,502	9,978
Warehouse - Torredembarra (Tarragona)	2,068	4,629	2,697	4,648
Warehouse - La Almunia de Doña Godina (Zaragoza)	2,410	3,545	2,801	3,371
Warehouse - Sisante (Cuenca)	789	2,405	976	2,488
Total mortgage loans at 31st December 2014	**9,003**	**20,335**	**10,976**	**20,485**

Other current bank loans at 31 December 2014 mainly include Euros 37,166 thousand of the equity swap carried out with Société Generale on 1 September 2014, in addition to the Euros 28,050 at 31 December 2013 corresponding to the liability generated upon amendment of the optional settlement of the equity swap at 21 January 2013 (see note 16.4 (a)).

The Group has credit facilities with a total limit of Euros 143,559 thousand at 31 December 2014 and Euros 161,712 thousand at 31 December 2013, from which it had drawn down Euros 60,766 thousand and Euros 20,946 thousand, respectively. The Parent has another two credit facilities that had not yet been arranged at 31 December 2014, with a limit of Euros 100,000 thousand, from which it has drawn down Euros 25,000 thousand. In addition, at 31 December 2014 El Árbol had a revolving credit facility amounting to Euros 7,750 thousand that had been fully drawn down. The credit facilities contracted by the Group in 2014 and 2013 accrue interest at market rates.

Other current financial debt mainly includes the surplus paid on the sale of DIA France following adjustments to the final price, which will be refunded to the buyers in early 2015.

17.2. Other non-current financial liabilities

Details of other non-current financial liabilities are as follows:

Thousands of Euros	2014	2013
Grants	2,039	2,745
Other non-current financial liabilities	5,500	5,500
Total grants and other non-current financial liabilities	**7,539**	**8,245**

Other non-current financial liabilities of Euros 5,500 thousand at 31 December 2014 and 2013 reflect amounts withheld from the seller of Schlecker, S.A., to cover possible tax contingencies. These amounts are to be released on 1 February 2018 (see notes 4 and 9.3).

17.3. Trade and other payables

Details are as follows:

Thousands of Euros	2014	2013
Suppliers	1,551,267	1,608,156
Advances received from receivables	179	140
Trade payables	141,667	178,588
Total Trade and other payables	**1,693,113**	**1,786,884**

Suppliers and trade payables essentially include current payables to suppliers of goods and services, including those represented by accepted giro bills and promissory notes.

Trade and other payables do not bear interest.

The Group has reverse factoring facilities with limits of Euros 756,160 thousand and Euros 634,213 thousand at 31 December 2014 and 2013, respectively. Drawdowns total Euros 327,579 thousand at 31 December 2014 and Euros 340,176 thousand at the prior year end.

The information to be provided by the Spanish companies of the DIA Group as required by the reporting duty established in Spain's Law 15/2010 of 5 July 2010, which amended Law 3/2004 of 29 December 2004 and introduced measures to combat late payment in commercial transactions, is as follows:

	Payments made and outstanding at the balance sheet date Thousands of euros			
	2014		2013	
Thousands of Euros	Amount	%*	Amount	%*
**Within the maximum legal period	3,078,819	79.84%	3,046,794	80.67%
Other	777,375	20.16%	729,974	19.33%
Total payments for the year	3,856,194	100%	3,776,768	100%
***Weighted average period by which payments are past due (in days)	26.98		22.74	
Late payments exceeding the maximum legal period	90,128		40,787	

* Percentage of total

** The maximum legal payment period is, in each case, determined by the nature of the goods or services received by the company in accordance with Law 3/2004 of 29 December, containing measures to combat late payments in commercial transactions.

*** Weighted average period exceeded.

Information on late payment in 2014 includes information on the El Árbol Group since its inclusion in the scope of consolidation of the DIA Group.

17.4. Other financial liabilities

Details of other financial liabilities are as follows:

Thousands of Euros	2014	2013
Personnel	74,730	82,914
Suppliers of fixed assets	59,055	64,922
Current account with associated companies	-	4,764
Other current liabilities	2,404	4,079
Total other liabilities	**136,189**	**156,679**

The variation in this heading is due mainly to DIA France exiting the Group and El Árbol entering the Group.

17.5. Fair value estimates

The fair value of financial assets and liabilities is determined by the amount for which the instrument could be exchanged between willing parties in a normal transaction and not in a forced transaction or liquidation.

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

- Trade and other receivables, trade and other payables and other current assets and liabilities approximate their carrying amounts, due, largely, to the short-term maturities of these instruments.
- The fair value of unlisted instruments, bank loans, finance lease payables and other non-current financial assets and liabilities is estimated by discounting future cash flows, using the available rates for debts with similar terms, credit risk and maturities, and is very similar to their carrying amount.
- Derivative financial instruments are contracted with financial institutions with sound credit ratings. The fair value of derivatives is calculated using valuation techniques using observable market data for forward contracts.

Assets and liabilities at fair value have been measured using Level 2 inputs.

18. PROVISIONS

Details of provisions are as follows:

Thousands of Euros	Provisions for long-term employee benefits under defined benefit plans	Taxes, legal contingencies and social security contributions	Other provisions	Total provisions
At 1st January 2013	**8,315**	**89,521**	**2,794**	**100,630**
Translation differences	(60)	(1,903)	(600)	**(2,563)**
Charge	542	37,727	1,168	**39,437**
Applications	(105)	(26,919)	(831)	**(27,855)**
Reversals	(191)	(6,796)	-	**(6,987)**
Transfers	-	(31,832)	-	**(31,832)**
Additions to the consolidated group	400	588	-	**988**
Exits from conloditanio perimeter	(909)	(1,305)	-	**(2,214)**
Other movements	828	2,103	35	**2,966**
At 31st December 2013	**8,820**	**61,184**	**2,566**	**72,570**
Translation differences	-	(460)	(133)	**(593)**
Charge	518	36,036	18,352	**54,906**
Applications	-	(18,100)	(907)	**(19,007)**
Reversals	(241)	(10,950)	-	**(11,191)**
Additions to the consolidated group	1,104	3,377	-	**4,481**
Exits from consolidation perimeter	(7,973)	(9,231)	-	**(17,204)**
Other movements	42	2,062	34	**2,138**
At 31st December 2014	**2,270**	**63,918**	**19,912**	**86,100**

18.1 Provisions for long-term employee benefits under defined benefit plans

The Parent has commitments with current employees for pensions and length-of-service bonuses amounting to Euros 1,238 thousand in 2014 and Euros 923 thousand in 2013. Of these amounts, Euros 377 thousand and Euros 369 thousand were externalised in 2014 and 2013, respectively, in accordance with Spanish legislation. In addition, due to the inclusion in the consolidated group of the El Árbol Group, the Group has recognised commitments to its employees amounting to Euros 1,104 thousand. At 2014 year end the El Árbol Group had commitments with its employees amounting to Euros 1,018 thousand and Schlecker had similar commitments with its employees amounting to Euros 416 thousand (Euros 455 thousand at 2013 year-end), of which Euros 25 thousand had been externalised (Euros 24 thousand at 2013 year-end). At 2013 year end France had similar commitments with its employees amounting to Euros 7,835 thousand, which have been derecognised together with any movements in 2014 until it exited the DIA Group.

Movement in the present value of defined benefit obligations is as follows:

Thousands of Euros	2014	2013
Current service cost	232	420
Finance expenses	42	307
Expected return on financial assets	(12)	(13)
Other	(66)	(152)
Total expenses (revenues)	**196**	**562**

The principal actuarial assumptions used are as follows:

Assumptions	2014	2013
Retirement age	67	62-67
Salary growth rate	from 2.5%	from 2%
Discount rate	from 3%	from 3% to 4%

Liabilities recognised for defined benefit pension plans are as follows:

Thousands of Euros	2014	2013
Defined benefit pension plans	2,672	9,213
Fair value of oustanding assets	(402)	(393)
Total provision	**2,270**	**8,820**

Movement in the consolidated statement of financial position is as follows:

Thousands of Euros	Amount
Provision at 1st January 2013	**8,315**
Impact on profit	562
Translation differences	(41)
Additions to the consolidated group	400
Exists from consolidation perimeter	(909)
Other movements	493
Provision at 31st December 2013	**8,820**
Impact on protif	196
Additions to the consolidated group	1,104
Exits from consolidation perimeter	(7,973)
Other movements	123
Provision at 31st December 2014	**2,270**

Movement in the fair value of plan assets is as follows:

Thousands of Euros	Amount
At 1 January 2013	**334**
Expected return	13
Annual premium	55
Actuarial losses	(9)
At 31st December 2013	**393**
Expected return	12
Annual premium	30
Actuarial losses	(33)
At 31st December 2014	**402**

18.2. Taxes, legal contingencies and social security contributions

This line item includes provisions for risks deriving from tax inspections, which at 31 December 2014 amount to Euros 33,021 thousand and Euros 39,073 thousand at 31 December 2014 and 2013, respectively.

In 2014 the Parent recognised a provision of Euros 20,800 thousand to cover certain risks derived from the sale of DIA France (see note 15) and a provision of Euros 1,569 thousand to cover other tax risks. DIA Brazil has recognised provisions of Euros 5,741 thousand for employment-related contingencies and Euros 2,145 thousand to cover other legal risks. The inclusion in the scope of consolidation of El Árbol gave rise to the recognition of Euros 2,151 thousand for tax risks and Euros 1,226 thousand for other operating risks. Following its inclusion in the DIA Group an additional Euros 1,532 thousand were recognised to cover other operating risks.

In 2013 the Parent recognised a provision of Euros 9,218 thousand to cover risks relating to the sale of DIA Turkey (see note 15), as well as a Euros 12,509 thousand provision for other risks. DIA France made provisions of Euros 3,528 thousand for certain tax risks and Euros 1,841 thousand for employment-related contingencies. Finally, DIA Brazil has recognised provisions of Euros 5,264 thousand for employment-related contingencies and Euros 1,445 thousand to cover other legal risks.

In 2014, the application of the provision included the payment of Euros 4,462 thousand by DIA France resulting from the finance cost of a lawsuit over the rounding-off of VAT to Euro decimals in 2006, 2007 and 2008. The Parent paid income tax for 2008 amounting to Euros 3,864 thousand and the amount derived from the income tax assessments for 2008, 2009 and 2010 amounting to Euros 2,858 thousand, which includes the associated finance cost. In Brazil, Euros 2,199 thousand were paid for employment-related contingencies and Euros 1,701 thousand were paid for other legal risks.

Applications in 2013 include the payment of additional income tax assessments for 2003, amounting to Euros 21,436 thousand. This amount includes the associated finance cost. DIA France paid Euros 1,140 thousand for other operating risks.

In 2014 the Parent released Euros 3,544 thousand of the provision recognised in 2013 to cover risks derived from the sale of DIA Turkey. The Parent also released the Euros 2,174 thousand provision to cover tax inspections of 2008, 2009, 2010 and 2011. In addition, this includes the cancellation of other provisions recognised to cover other tax risks amounting to Euros 1,259 thousand.

A transfer of Euros 31,832 thousand has been recognised in DIA France in relation to a lawsuit over the rounding-off of VAT to Euro decimals in 2006, 2007 and 2008. Provision had been made for this amount, which has been booked under current tax liabilities.

In addition, due to the exclusion from the scope of consolidation of DIA France in 2014, tax, legal and social welfare risks amounting to Euros 9,231 thousand were cancelled.

18.3. Other provisions

Of the amounts recognised under other provisions in 2014, Euros 15,989 thousand correspond to the contingent consideration associated with the variable price for the acquisition of the participating loan held by the shareholders of the El Árbol Group (see note 4).

19. TAX ASSETS AND LIABILITIES AND INCOME TAX

- **INCOME TAX**

Details of the income tax expense are as follows:

Thousands of Euros	2014	2013
Current income taxes		
Current period	117,845	139,299
Prior periods' current income taxes	645	14
Total current income taxes	**118,490**	**139,313**
Deferred taxes		
Source of taxable temporary differences	(1)	15,551
Source of deductible temporary differences	(24,810)	(42,399)
Reversal of taxable temporary differences	(25,699)	(23,230)
Reversal of deductible temporary differences	6,576	11,576
Total deferred taxes	**(43,934)**	**(38,502)**
TOTAL INCOME TAX EXPENSE	**74,556**	**100,811**

Due to the different treatment of certain transactions permitted by tax legislation, the accounting profit of each Group company differs from the profit for tax purposes.

A reconciliation of accounting profit for the year with the total taxable income of the Group is as follows:

Thousands of Euros	2014	2013
Profit for the period before tax	283,198	321,138
Tax calculated at the tax rate of each country	73,901	97,578
Unrecognised tax credits	5,060	2,977
Non-taxable income	(759)	(6,012)
Non-deductible expenses	1,579	1,511
Deductions and credits for the current period	(671)	(652)
Adjustments for prior periods	645	14
Adjustments for prior periods - deferred taxes	(1,970)	(6,379)
Unrecognised deferred taxes	642	(734)
Other adjustments	(3,073)	12,508
Tax rate's change adjustment	(798)	-
Income tax expense	74,556	100,811
Total income tax	**74,556**	**100,811**

The tax rates of each of the different countries or jurisdictions in which the Group operates have been taken into account to perform this reconciliation. Details of these rates are as follows:

España	30%
DIA Portugal	28,66%
Schlecker Portugal	24,50%
Argentina	35%
Brasil	34%
China	25%

The Spanish companies Distribuidora Internacional de Alimentación, S.A. (Parent), Finandia, EFC S.A., Twins Alimentación, S.A., Petra Servicios a la Distribución, S.L., Schlecker, S.A., which was added to the tax group on 1 January 2014, (subsidiaries) filed consolidated tax returns for the first time in 2014 as part of tax group 487/12, pursuant to Title VII, Chapter VII of the Spanish Corporate Income Tax Law set forth in Royal Legislative Decree 4/2004 of 5 March 2004.

- **TAX ASSETS AND TAX LIABILITIES**

Details of the tax assets and liabilities for 2014 and 2013 recognised in the consolidated statement of financial position at 31 December are as follows:

Thousands of Euros	2014	2013
Deferred tax assets	147,890	57,667
Taxation authorities, VAT	32,965	30,580
Taxation authorities	31,382	24,618
Current income tax assets	42,593	22,453
Total tax assets	**254,830**	**135,318**
Deferred tax liabilities	2,749	57,978
Taxation authorities, VAT	45,110	36,780
Taxation authorities	37,330	105,057
Current income tax liabilities	8,747	18,702
Total tax liabilities	**93,936**	**218,517**

These deferred tax assets and liabilities (before consolidation adjustments) reconcile to the deferred taxes recognised in the consolidated statement of financial position (after consolidation adjustments) as follows:

	2014	2013
Capitalised tax loss carryforwards	117,648	32,296
+ Deferred tax assets	75,720	134,233
Total deferred tax assets	193,368	166,529
Assets offset	(45,478)	(108,862)
Deferred tax assets	**147,890**	**57,667**
Deferred tax liabilities	48,227	166,840
Liabilities offset	(45,478)	(108,862)
Deferred tax liabilities	**2,749**	**57,978**

Details of and movements in the Group's tax assets and liabilities (before consolidation adjustments) are as follows:

DEFERRED TAX ASSETS Thousands of Euros	1 Jan 2013	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Additions to the consolidated group	Exits from the consolidated group	Others	Exchange gains/losses	31 Dec 2013
Provisions	21,613	-	(6)	5,466	(1,944)	-	174	-	-	(4,184)	21,119
Onerous contracts	519	-	-	-	(159)	-	-	-	-	-	360
Portfolio provisions	50,192	-	-	8,169	-	-	-	17,301	-	-	75,662
Share-based payments	2,094	-	-	791	-	-	-	-	-	-	2,885
Other remuneration	2,800	-	-	272	-	-	-	-	-	-	3,072
Loss carryforwards	31,193	-	-	6,000	(6,296)	-	1,622	-	-	(223)	32,296
CVAE tax impact	663	-	-	-	(258)	-	-	-	-	-	405
Other	13,652	-	(38)	21,745	(2,919)	116	115	(135)	-	(1,806)	30,730
Total non-curent deferred tax asset	**122,726**	**-**	**(44)**	**42,443**	**(11,576)**	**116**	**1,911**	**17,166**	**-**	**(6,213)**	**166,529**

Thousands of Euros	1 Jan 2014	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Additions to the consolidated group	Exits from the consolidated group	Others	Exchange gains/losses	31 Dec 2014
Provisions	21,119	-	(39)	3,061	(232)	-	-	(1,610)	(231)	(1,053)	21,015
Onerous contracts	360	-	3	65	(194)	-	-	-	-	-	234
Portfolio provisions	75,662	-	-	401	-	-	-	(67,000)	-	-	9,063
Share-based payments	2,885	-	-	1,128	(6)	-	-	-	-	-	4,007
Other remuneration	3,072	-	(13)	105	(215)	-	-	(2,691)	-	-	258
Loss carryforwards	32,296	-	-	6,249	(5,234)	-	-	-	84,332	5	117,648
CVAE tax impact	405	-	-	-	(189)	-	-	(216)	-	-	-
Other	30,730	(495)	(360)	14,210	(506)	-	1,272	(4,409)	895	(194)	41,143
Total non-curent deferred tax asset	**166,529**	**(495)**	**(409)**	**25,219**	**(6,576)**	**-**	**1,272**	**(75,926)**	**84,996**	**(1,242)**	**193,368**

DEFERRED TAX LIABILITIES Thousands of Euros	1 Jan 2013	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Additions to the consolidated group	Exits from the consolidated group	Others	Exchange gains/losses	31 Dec 2013
Goodwill	66,931	-	-	1,847	-	-	-	-	-	-	68,778
Amortisation and depreciation	55,410	-	(91)	1,362	(5,926)	-	449	(11)	-	(202)	50,991
Portfolio provisions	55,239	-	-	-	(16,528)	-	-	-	-	-	38,711
CVAE tax impact	1,927	-	-	-	(751)	-	-	-	-	-	1,176
Other	4,178	-	(27)	12,460	(25)	42	964	(11,177)	800	(31)	7,184
Total non-current deferred tax liabilities	**183,685**	**-**	**(118)**	**15,669**	**(23,230)**	**42**	**1,413**	**(11,188)**	**800**	**(233)**	**166,840**

Thousands of Euros	1 Jan 2014	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Additions to the consolidated group	Exits from the consolidated group	Others	Exchange gains/losses	31 Dec 2014
Goodwill	68,778	-	(71)	131	-	-	-	(67,411)	-	-	1,427
Amortisation and depreciation	50,991	-	(2,673)	1,241	(4,380)	-	1,147	(20,269)	964	(51)	26,970
Portfolio provisions	38,711	-	-	-	(18,306)	-	-	-	-	-	20,405
CVAE tax impact	1,176	-	-	-	(550)	-	-	(626)	-	-	-
Other	7,184	(495)	(6)	1,377	(2,463)	24	-	(4,520)	(1,684)	8	(575)
Total non-current deferred tax liabilities	**166,840**	**(495)**	**(2,750)**	**2,749**	**(25,699)**	**24**	**1,147**	**(92,826)**	**(720)**	**(43)**	**48,227**

The Spanish income tax reform approved through Law 27/2014 of 27 November 2014 introduced a reduction in income tax rates, which had a tax effect on the deferred tax assets and liabilities of the Spanish companies which is recognised under "Other".

Based on the tax returns, the companies of the Group have accumulated tax losses available for offsetting, deductions and exemptions to be offset in future years amounting to Euros 1,079,733 thousand and Euros 453,346 thousand in 2014 and 2013, respectively.

		limitation period (years)								Loss	Loss
Thousands of Euros	**Years in which generated**	**Not subjetc to limitation**	**2015**	**2016**	**2017**	**2018**	**2019**	**> 2019**	**TOTAL**	**carryforwards activated**	**carryforwards non-activated**
Distribuidora Internacional de Alimentación, S.A.	2014	355,971	-	-	-	-	-	-	355,971	355,971	-
Twins Alimentación, S.A.U.	1999 - 2007	181,380	-	-	-	-	-	-	181,380	102,205	79,175
Pe-Tra Servicios a la distribución, S.L.U.	1997 -1999	18,549	-	-	-	-	-	-	18,549	4,392	14,157
Schlecker S.A.U.	2012 - 2013	1,372	-	-	-	-	-	-	1,372	1,372	-
Grupo El Árbol, Distribución y Supermercados, S.A.	2000-2014	454,819	-	-	-	-	-	-	454,819	-	454,819
Compañía Gallega de Supermercados, S.A.	2001-2014	3,736	-	-	-	-	-	-	3,736	-	3,736
Dia Tian Tian Management Consulting Service & Co.Ltd.	2010 - 2012	-	1,033	3,765	3,426	-	-	-	8,224	-	8,224
Shanghai DIA Retail Co.Ltd.	2010-2014	-	8,174	3,347	7,903	15,945	14,028	-	49,397	-	49,397
Schlecker Portugal, Lda.	2009 - 2014	-	1,887	-	753	1,125	-	2,520	6,285	-	6,285
Total tax loss carryforwards		**1,015,827**	**11,094**	**7,112**	**12,082**	**17,070**	**14,028**	**2,520**	**1,079,733**	**463,940**	**615,793**

At 31 December 2014, the Group has not recognised deferred tax assets in respect of tax credits for loss carryforwards amounting to Euros 136,591 thousand, primarily because certain companies have not generated profits since their incorporation or because reasonable doubts exist with respect to the recoverability of these investments.

The directors do not expect that the years open to inspection or the appeals submitted will give rise to any major additional liabilities in relation to the consolidated financial statements taken as a whole.

20. SHARE-BASED PAYMENT TRANSACTIONS

On 7 December 2011 the DIA board of directors approved a long-term incentive plan for 2011-2014 and a multi-year variable remuneration plan proposed by the appointment and remuneration committee. Both of these plans are settled in Parent shares. The shareholders approved these plans at their general meeting and beneficiaries were informed of the plan regulations on 11 June 2012 (see note 16.4 b).

Under the share-settled long-term incentive plan, executives (including the executive director) of the Group are entitled to variable remuneration settled though shares in the Parent, receipt of which is dependent on whether the Parent and the Group meet certain business targets over the 2011-2014 period, as well as certain indicators relating to the value of these shares. Beneficiaries are also required to remain as employees of or maintain their commercial relationship with the Parent and/or its subsidiaries on the plan reference dates. Several different settlement periods have been established throughout the duration of the plan, with the final settlement in 2016.

At the general meeting held on 26 April 2013 the shareholders approved an amendment to one of the plan terms limiting the number of shares that can be conveyed. However, according to estimates, at the date on which this amendment was approved it had no impact on the valuation of this obligation and therefore does not affect the amount recognised at 31 December 2013.

In the multi-year variable remuneration plan, executives of the Group are awarded variable remuneration which can be settled though shares in the Parent. Amounts relating to 2011 and 2012 will be settled in 2013 and January 2014 and remuneration for 2013 and 2014 will be settled in 2015 and January 2016. Receipt is dependent on whether the Parent and Group meet certain business targets. Beneficiaries are also required to remain in the employment of or maintain their commercial relationship with the Parent and/or its subsidiaries on the plan settlement dates.

At their meeting on 25 April 2014, the shareholders approved a long-term incentive plan for 2014-2016 that is payable in a maximum of 6,981,906 shares of the Parent. The plan is aimed at present and future directors, senior executives and other key personnel of DIA and its subsidiaries, as determined by the board of directors, who meet the requirements set forth in the general conditions and voluntarily join the scheme. The purpose of the plan is to award and pay variable remuneration in DIA shares, based on fulfilment of a business target of the Parent and its Group and total earnings for the Parent's shareholders. At 31 December 2014 the Parent estimates that the maximum number of shares to pay out under the plan is 5,810,449.

The costs recognised in respect of the 2011-2014 long-term incentive plan, the 2011-2014 multi-year variable remuneration plan and the new 2014-2016 long-term incentive plan totalled Euros 12,028 thousand, of which Euros 9,652 thousand were recognised under operating expenses as other restructuring costs (see note 21.4) and Euros 2,376 thousand under profit/loss on discontinued operations and Euros 5,381 thousand in 2013 under operating expenses as other restructuring costs (see note 21.4). In both cases the balancing entry was recognised under other own equity instruments. The amounts paid under the Multi-year Variable Remuneration Plan in 2014 and 2013 were Euros 1,805 thousand and Euros 1,904 thousand, respectively, which were settled through the delivery of 328,272 own shares and 329,094 own shares, respectively.

21. OTHER INCOME AND EXPENSES

21.1. Other income

Details of other income are as follows:

Thousands of Euros	2014	2013
Fees and interest to finance companies (note 9.1)	2,075	1,514
Service and quality penalties	24,587	24,519
Revenue from lease agreements (note 8)	45,210	38,011
Other revenue from franchises	11,699	9,813
Revenue from commercial fees from concessions	647	577
Other income	21,032	19,826
Total other operating income	**105,250**	**94,260**

Penalties for service and quality include the income obtained by the Group from the collection of penalties charged to suppliers for lack of service or lack of quality in accordance with the agreements established with them.

21.2. Merchandise and other consumables used

This item includes purchases and changes in inventories, the cost of products sold by the finance company, volume and other discounts, and exchange differences relating to purchases of merchandise.

21.3. Personnel expenses

Details of personnel expenses are as follows:

Thousands of Euros	2014	2013
Salaries and wages	504,061	486,602
Social Security	136,437	127,697
Defined contribution plans	118	58
Expenses for share-based payment transactions	303	534
Other employee benefits expenses	19,363	13,606
Total personnel expenses	**660,282**	**628,497**

21.4. Operating expenses

Details of operating expenses are as follows:

Thousands of Euros	2014	2013
Repairs and maintenance	40,846	39,036
Utilities	68,880	75,153
Fees	14,526	15,832
Advertising	45,048	41,789
Taxes	18,904	17,647
Rentals, property (note 8)	243,383	229,500
Rentals, equipment (note 8)	5,552	3,795
Other general expenses	83,256	94,832
Other restructuring expenses and revenue	59,725	32,263
Total operating expenses	**580,120**	**549,847**

In 2014 and 2013 other restructuring costs reflect non-recurring balances such as those related to reorganisation, productivity improvement plans, process efficiency, costs relating to integration of the acquired companies and costs relating to incentive plans The increase from 2013 to 2014 is primarily due to the cost of the new incentives plan, the costs of integrating El Árbol and the costs arising from the refitting of stores which are changed from being managed as own stores to being franchises.

21.5. Depreciation and impairment

Details of amortisation, depreciation and impairment recognised in the consolidated income statements are as follows:

Thousands of Euros	2014	2013
Amortisation of intangible assets (note 7.2)	6,859	6,158
Depreciation of property, plant and equipment (note 6)	177,745	182,793
Total amortisation and depreciation	**184,604**	**188,951**
Impairment of intangible assets (note 7)	(38)	(137)
Impairment of property, plant and equipment (note 6)	5,563	(1,364)
Total impairment	**5,525**	**(1,501)**

21.6. Losses on disposal of fixed assets

Net losses of Euros 11,558 thousand and Euros 7,636 thousand were incurred on asset disposals in 2014 and 2013, respectively. In Spain, the net loss totalled Euros 4,809 thousand in 2014 and Euros 3,843 thousand in 2013. In Portugal, net losses recognised in 2014 amounted to Euros 3,264 thousand. In Argentina, the net losses recognised in 2014 and 2013 were Euros 3,391 thousand and Euros 2,640 thousand, respectively, and were mainly due to remodelling the stores to the new DIA Maxi, DIA Market and Clarel formats.

These amounts mainly comprise property, plant and equipment.

Gains on disposals of property, plant and equipment amounted to Euros 656 thousand and Euros 1,835 thousand in 2014 and 2013, respectively.

21.7. Net finance expense/income

Details of finance income are as follows:

Thousands of Euros	2014	2013
Interest on other loans and receivables	1,676	1,622
Dividends received	-	2
Exchange gains	1,009	844
Change in fair value of financial instruments	1,684	6,103
Other finance income	12,078	4,739
Total financial income	**16,447**	**13,310**

Details of finance costs are as follows:

Thousands of Euros	2014	2013
Interest on bank loans	31,717	26,635
Intereses on debentures and bonds	4,027	-
Finance expenses for finance leases (note 6)	1,054	746
Exchange losses	2,686	2,838
Change in fair value of financial instruments	2,024	545
Other finance expenses	15,751	15,445
Total financial expenses	**57,259**	**46,209**

Interest on bank loans includes the finance costs associated with the syndicated loan contracted by the Group, amounting to Euros 24,599 thousand in 2014, including a deferred finance cost of Euros 7,345 thousand due to partial or full repayment of the loans arranged in 2011 and 2013. In 2013, they included Euros 24,656 thousand of interest on these bank loans (see note 17.1).

21.8. Transactions in foreign currency

Details of the exchange differences arising on transactions in foreign currency are as follows:

Thousands of Euros	2014	2013
Currency exchange losses	(2,686)	(2,838)
Currency exchange gains	1,009	844
Trade exchange losses	(1,618)	(999)
Trade exchange gains	663	835
Total	**(2,632)**	**(2,158)**

The transactions in foreign currency of the Group don’t have a relevant impact.

22. COMMITMENTS AND CONTINGENCIES

a) Commitments

Commitments pledged and received by the Group but not recognised in the consolidated statement of financial position comprise contractual obligations which have not yet been executed. The two types of commitments relate to cash and growth operations. The Group also has lease contracts which also represent future commitments made and received.

These off-balance-sheet cash commitments comprise:

- available credit facilities which were unused at year end,

- credit commitments made by the Group's finance company to customers within the scope of its operations, and banking commitments received.

Growth operation commitments were acquired to carry out expansion processes at Group level.

Finally, commitments relating to lease contracts for both property and furniture and equipment are detailed in note 8 (Operating leases) and commitments relating to guarantees extended in the financing contract are provided in note 17.1.

Itemised details of commitments at 31 December 2014 and 2013 are as follows:

22.1. Pledged:

Thousands of Euros at 31st December 2014	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	152	-	122	26,443	26,717
Credit facilities to customers (finance companies)	76,164	-	-	-	76,164
Cash	**76,316**	**-**	**122**	**26,443**	**102,881**
Purchase options	-	-	31,356	39,531	70,887
Commitments related to commercial contracts	14,519	3,809	4,306	20	22,654
Other commitments	4,119	4,052	12,184	12,842	33,197
Transactions / properties / expansion	**18,638**	**7,861**	**47,846**	**52,393**	**126,738**
Total	**94,954**	**7,861**	**47,968**	**78,836**	**229,619**

Thousands of Euros at 31st December 2013	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	7,578	134	2,811	12,970	23,493
Credit facilities to customers (finance companies)	74,684	-	-	-	74,684
Cash	**82,262**	**134**	**2,811**	**12,970**	**98,177**
Purchase options	-	-	24,273	64,493	88,766
Put options	-	-	-	21,331	21,331
Commitments related to commercial contracts	11,558	4,486	2,208	115	18,367
Other commitments	4,330	4,069	11,974	17,733	38,106
Transactions / properties / expansion	**15,888**	**8,555**	**38,455**	**103,672**	**166,570**
Total	**98,150**	**8,689**	**41,266**	**116,642**	**264,747**

The reduction in commitments pledged in 2014 and 2013 is the result of DIA France exiting the scope of consolidation and the cancellation of the purchase option on the Torras Novas warehouse in DIA Portugal once it was purchased in 2014.

22.2. Received:

Thousands of Euros at 31st December 2014	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	82,794	-	-	-	82,794
Available revolving credit facilities	750,000	-	-	-	750,000
Available confirming lines	428,581	-	-	-	428,581
Available commercial paper facilities	70,000	-	-	-	70,000
Cash	**1,331,375**	**-**	**-**	**-**	**1,331,375**
Guarantees received for commercial contracts	27,407	6,531	22,486	24,826	81,250
Other commitments	-	-	-	172	172
Transactions / properties / expansion	**27,407**	**6,531**	**22,486**	**24,998**	**81,422**
Total	**1,358,782**	**6,531**	**22,486**	**24,998**	**1,412,797**

Thousands of Euros at 31st December 2013	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	132,697	-	-	-	132,697
Available revolving credit facilities	305,000	-	-	-	305,000
Available confirming lines	294,037	-	-	-	294,037
Cash	**731,734**	**-**	**-**	**-**	**731,734**
Guarantees received for commercial contracts	24,142	11,048	28,293	19,974	83,457
Other commitments	-	-	-	212	212
Transactions / properties / expansion	**24,142**	**11,048**	**28,293**	**20,186**	**83,669**
Total	**755,876**	**11,048**	**28,293**	**20,186**	**815,403**

The increase in commitments received between 2014 and 2013 is due mainly to the syndicated loan contract arranged by the Parent with various financial entities amounting to Euros 400 million (see note 17.1) and the increase in reverse factoring lines by the Parent. In addition, in 2014 DIA Portugal arranged short-term debt securities known as "commercial paper", which are credit facilities negotiated with banks that DIA Portugal may use as a current account overdraft.

On 4 November 2014 the Company entered into a framework agreement with Cecosa Supermercados, S.L.; Supermercados Picabo, S.L. and Caprabo, S.A., which belong to the Eroski Group, for the sale and purchase of the assets of a maximum of 160 supermarkets that operate under the commercial names Eroski Center, Eroski City and Caprabo, hereinafter "the Transaction". At 2014 year end, completion of the Transaction is subject to authorisation being obtained from the competition authorities, as well as compliance with other terms and conditions usually applicable to this type of acquisition. The price agreed is a maximum of Euros 146,000,000 and is subject to possible adjustments based on the number of establishments ultimately acquired.

b) Contingencies

In 2014 Dia Brasil received two notifications from the Brazilian taxation authorities, one for Euros 13,344 thousand relating to a discrepancy with regard to the tax on income from suppliers and another for Euros 77,655 thousand relating to the recognition of the movements in goods bought for resale and their impact on inventories. The Group is working with the local taxation authorities to clarify all of the movements in goods, which are consistent with the criteria applied in all countries by the DIA Group. As the risk of losing this litigation is considered remote based on the assessment of the Group's legal advisors, no provision has been made.

23. RELATED PARTIES

Transactions other than ordinary business or under terms differing from market conditions carried out by the directors of the Parent

In 2014 and 2013 the directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Parent or any other Group company.

Transactions with directors and senior management personnel

Details of remuneration received by the directors and senior management of the Group in 2014 and 2013 are as follows:

Thousands of Euros			
2014		2013	
Directors	Senior management personnel	Directors	Senior management personnel
1,875	4,989	1,910	3,633

Regarding the information about the senior management in year 2014, it is noted that a manager stop working in the Group at 30 November 2014, date when the DIA France sale was closed and it includes the legal compensation paid. If that compensation had not occurred, the increase in the senior management remuneration would have been a 4.03 % in 2014 with regard to 2013.

In 2014 and 2013 the directors of the Parent earned Euros 978 thousand and Euros 1,098 thousand, respectively, in their capacity as board members. In both years, their remuneration allocated through financial instruments and monetary remuneration has bees Euro 1,050 thousand. The difference in remuneration between 2014 and 2013 is due to the different value of share between the time of the allocation and the date of the mentioned financial instruments enforceability.

Article 39.5 of the Parent's articles of association requires the disclosure of the remuneration earned by each of the present members of the board of directors in 2014 and 2013. Details are as follows:

2014	Thousands of Euros			
Board members	Financial instruments	Fixed remuneration	Variable remuneration	Others
Ms Ana María Llopis Rivas	40.0	109.0	-	-
Mr Ricardo Currás de Don Pablos (*)	20.0	519.5	417.2	15.1
Mr Julián Díaz González	37.3	69.8	-	-
Mr Richard Golding	26.2	71.5	-	-
Mr. Mariano Martín Mampaso	34.1	63.7	-	-
Mr Pierre Cuilleret	37.3	69.8	-	-
Ms Rosalía Portela de Pablo	20.0	54.5	-	-
Mr Antonio Urcelay Alonso	20.0	54.5	-	-
Mr Nadra Moussalem	34.1	63.7	-	-
Mr Nicolas Brunel	34.1	63.7	-	-
Total	**303**	**1,140**	**417**	**15**

(*) Remuneration as director plus remuneration as Board member.

2013	Thousands of Euros			
Board members	Financial instruments	Fixed remuneration	Variable remuneration	Others
Ms Ana María Llopis Rivas	50.6	116.6	-	-
Mr Ricardo Currás de Don Pablos (*)	25.3	514.3	350.3	6.3
Mr Julián Díaz González	47.2	73.0	-	-
Mr Richard Golding	33.2	76.5	-	-
Mr. Mariano Martín Mampaso	43.1	66.7	-	-
Mr Pierre Cuilleret	47.2	73.0	-	-
Ms Rosalía Portela de Pablo	25.3	58.3	-	-
Mr Antonio Urcelay Alonso	25.3	58.3	-	-
Mr Nadra Moussalem	43.1	66.7	-	-
Mr Nicolas Brunel	43.1	66.7	-	-
Total	**383**	**1,170**	**350**	**6**

(*) Remuneration as director plus remuneration as Board member.

During 2014 and 2013 the members of the board of directors and senior management personnel of the Group have not carried out operations with the Parent or Group companies other than ordinary operations under market conditions.

The Group's directors and their related parties have not been involved in any situations of conflict of interest that need to be reported in accordance with article 229 of the revised Spanish Companies Act.

24. FINANCIAL RISK MANAGEMENT: OBJECTIVES AND POLICIES

The Group's activities are exposed to market risk, credit risk and liquidity risk.

The Group's senior executives manage these risks and ensure that its financial risk activities are in line with the appropriate corporate procedures and policies and that the risks are identified, measured and managed in accordance with DIA Group policies.

A summary of the management policies established by the board of directors of the Parent for each risk type is as follows:

a) Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits. The Group uses derivatives to mitigate certain risks.

Risks are managed by the Group's Finance Department. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units.

b) Currency risk

The Group operates internationally and is therefore exposed to currency risk when operating with foreign currencies, especially with regard to the US Dollar. Currency risk is associated with future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

In order to control currency risk associated with future commercial transactions and recognised assets and liabilities, Group entities use forward currency contracts negotiated with the Group's Treasury Department. Currency risk arises on future commercial transactions in which the recognised assets and liabilities are presented in a foreign currency other than the Company's functional currency.

In 2014 and 2013 the Group has performed no significant transactions in currencies other than the functional currency of each company. However, the Group has contracted exchange rate insurance policies for non-recurrent transactions in US Dollars.

The hedging transactions carried out in US Dollars during 2014 amounted to US Dollars 5,862 thousand (US dollars 6,164 thousand in 2013). This amount represented 99.99% of the transactions carried out in this currency in 2014 and 2013. At 2014 year end, outstanding hedges in this currency total US Dollars 1,549 thousand (US Dollars 1,676 thousand in 2013) and expire in the next eleven months. These transactions are not significant with respect to the Group's total volume of purchases.

The Group holds several investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk affecting net assets of the Group's foreign operations in Argentinian Pesos, Chinese Yuan and Brazilian Reals is mitigated primarily through borrowings in the corresponding foreign currencies.

At 31 December 2014, had the Euro strengthened/weakened by 10% against the US Dollar, with the other variables remaining constant, consolidated post-tax profit would have been Euros 302 thousand higher/lower (Euros 307 thousand in 2013), mainly as a result of translating trade receivables and debt instruments classified as available-for-sale financial assets.

The translation differences included in other comprehensive income are significant due to the significant devaluations of the Argentinian Peso and the Brazilian Real. Had the exchange rates in the countries where the

Group operates that use a currency other than the Euro depreciated/appreciated by 10% the translation differences would have varied by +25,59% / -31,27%, respectively, in the equity of the DIA Group.

The Group's exposure to currency risk at 31 December 2014 and 2013 is detailed below. The accompanying tables reflect the carrying amount of the Group's financial instruments or classes of financial instruments denominated in foreign currencies:

Thousands of Euros at 31st December 2014	Argentine Peso	Brazilian Real	Chinese Yuan
Other financial assets	4,343	7,928	882
Total non-current assets	4,343	7,928	882
Trade and other receivables	22,078	25,811	5,119
Current financial assets	6,498	1,016	476
Other assets	1,955	806	1,495
Cash and cash equivalents	53,840	62,510	1,731
Non-current assets held for sale	-	-	10
Total current assets	84,371	90,143	8,831
Total assets	**88,714**	**98,071**	**9,713**
Financial liabilities	4,680	-	-
Total non-current liabilities	4,680	-	-
Financial liabilities	5,208	30,313	12,674
Trade and other payables	257,159	234,492	36,420
Other current liabilities	39,493	28,758	4,433
Liabilities directly associated with non-current assets held for sale	-	-	96
Total current liabilities	301,860	293,563	53,623
Total liabilities	**306,540**	**293,563**	**53,623**
Net exposure to TDC risk	**(217,826)**	**(195,492)**	**(43,910)**

Thousands of Euros at 31st December 2013	Argentine Peso	Brazilian Real	Chinese Yuan
Other financial assets	3,646	7,019	623
Total non-current assets	3,646	7,019	623
Trade and other receivables	12,054	22,288	5,391
Current financial assets	3,438	889	270
Other assets	1,645	436	1,540
Cash and cash equivalents	46,347	69,688	3,149
Non-current assets held for sale	-	-	2,805
Total current assets	63,484	93,301	13,155
Total assets	**67,130**	**100,320**	**13,778**
Financial liabilities	4,084	-	-
Total non-current liabilities	4,084	-	-
Financial liabilities	2,181	3,702	18,034
Trade and other payables	187,686	206,542	43,223
Other current liabilities	25,373	25,830	5,759
Liabilities directly associated with non-current assets held for sale	-	-	30,946
Total current liabilities	215,240	236,074	97,962
Total liabilities	**219,324**	**236,074**	**97,962**
Net exposure to TDC risk	**(152,194)**	**(135,754)**	**(84,184)**

c) Price risk

The Group is not significantly exposed to risk derived from the price of equity instruments or listed raw material prices.

d) Credit risk

The Group does not have significant concentrations of credit risk. The Group has policies to ensure that wholesale sales are only made to customers with adequate credit records. Retail customers pay in cash or by credit card. Derivative and cash transactions are only performed with financial institutions that have high credit ratings. The Group has policies to limit the amount of risk with any one financial institution.

The Group's exposure to credit risk at 31 December 2014 and 2013 is shown below. The accompanying tables reflect the analysis of financial assets by remaining contractual maturity dates:

Thousands of Euros	Maturity	2014
Guarantees	per contract	38,002
Equity instruments	-	80
Loans to personnel	2016-2018	445
Loans to third parties	2016-2019	625
Trade receivables	2016-2032	28,995
Other non-current finantial assets	2019	13,015
Consumer loans from finance companies	2016	363
Non-current assets		**81,525**
Guarantees	2015	61
Loans to personnel	2015	3,742
Other loans	2015	1,878
Other assets	2015	6,392
Trade receivables	2015	244,592
Consumer loans from finance companies	2015	6,362
Current assets		**263,027**

Thousands of Euros	Maturity	2013
Guarantees	per contract	40,150
Equity instruments	-	864
Loans to personnel	2015-2019	423
Loans to third parties	2015-2022	1,638
Trade receivables	2015-2023	24,739
Other non-current finantial assets	2015-2018	11,272
Consumer loans from finance companies	2015	555
Non-current assets		**79,641**
Loans to personnel	2014	2,371
Other loans	2014	1,174
Loans on the sale of fixed assets	2014	1,000
Other assets group companies	2014	2,710
Other assets	2014	3,073
Trade receivables	2014	209,053
Receivables from group companies	2014	608
Consumer loans from finance companies	2014	5,698
Current assets		**225,687**

The returns on these financial assets totalled Euros 4,476 thousand in 2014 and Euros 3,762 thousand in 2013.

Details of non-current and current trade and other receivables by maturity in 2014 and 2013 are as follows:

	Thousands of Euros					
Current	Total	Unmatured	Between 0 and 1 month	Between 2 and 3 months	Between 4 and 6 months	Between 7 and 12 months
31st December 2014	244,592	201,052	30,301	9,590	3,000	649
31st December 2013	209,661	159,589	23,114	21,474	3,934	1,550

	Thousands of Euros			
Non-current	Total	Between 1 and 2 years	Between 3 and 5 years	Over five years
31st December 2014	28,995	9,790	15,180	4,025
31st December 2013	24,739	8,796	13,010	2,933

The Group's general policy is to recognise an impairment loss for the entire amount of any outstanding receivable past due by over six months.

e) Liquidity risk

The Group applies a prudent policy to cover its liquidity risks, based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Group's Finance Department aims to be flexible with regard to financing through drawdowns on contracted credit facilities.

The Group's exposure to liquidity risk at 31 December 2014 and 2013 is shown below. These tables reflect the analysis of financial liabilities by remaining contractual maturity dates:

Thousands of Euros		2014
Debentures and bonds long term	2019	494,701
Mortgage loan	2016-2020	6,964
Other bank loans	2016-2019	11,277
Finance lease payables	2016-2027	12,891
Guarantees and deposits received	per contract	5,543
Other non-current financial debt	2016	1,156
Other non-current financial liabilities	2018	7,539
Total non-current financial liabilities		**540,071**
Debentures and bonds long term	2015	3,396
Mortgage loan	2015	2,039
Other bank loans	2015	69,219
Finance lease payables	2015	5,912
Credit facilities drawn down	2015	93,516
Expired interest	2015	364
Guarantees and deposits received	2015	5,283
Derivatives	2015	844
Ohter financial debts	2015	19,339
Trade and other payables	2015	1,693,113
Suppliers of fixed assets	2015	59,055
Personnel	2015	74,730
Other current liabilities	2015	2,404
Total current financial liabilities		**2,029,214**

Thousands of Euros	Maturity	2013
Syndicated loan	2015-2017	650,563
Mortgage loan	2015-2020	9,024
Other bank loans	2015-2025	7,517
Finance lease payables	2015-2027	27,856
Guarantees and deposits received	per contract	5,712
Other non-current financial liabilities	2018	8,245
Total non-current financial liabilities		**708,917**
Syndicated loan	2014	140,244
Mortgage loan	2014	1,952
Other bank loans	2014	30,740
Finance lease payables	2014	8,480
Credit facilities drawn down	2014	20,946
Expired interest	2014	1,485
Guarantees and deposits received	2014	6,801
Derivatives	2014	1,375
Ohter financial debts	2014	305
Trade and other payables	2014	1,786,884
Suppliers of fixed assets	2014	64,922
Personnel	2014	82,914
Other current liabilities	2014	8,843
Total current financial liabilities		**2,155,891**

Details of non-current financial debt by maturity in 2014 and 2013 are as follows:

	Thousands of Euros			
2014	**Total**	**Between 1 and 2 years**	**Between 3 and 5 years**	**Over five years**
Debentures and bonds long term	494,701	-	494,701	-
Mortgage loan	6,964	2,125	4,442	397
Bank loan	11,277	5,875	5,402	-
Finance lease payables	12,891	4,788	7,372	731
Guarantees and deposits received	5,543	-	-	5,543
Other non-current financial debt	1,156	548	216	392
Total non-current debt	**532,532**	**13,336**	**512,133**	**7,063**

	Thousands of Euros			
2013	**Total**	**Between 1 and 2 years**	**Between 3 and 5 years**	**Over five years**
Syndicated loan	650,563	95,282	555,281	-
Mortgage loan	9,024	2,054	5,906	1,064
Bank loan	7,517	2,955	3,112	1,450
Finance lease payables	27,856	15,816	11,636	404
Guarantees and deposits received	5,712	-	-	5,712
Total non-current debt	**700,672**	**116,107**	**575,935**	**8,630**

The finance costs accrued on these financial liabilities totalled Euros 36,798 thousand and Euros 27,381 thousand in 2014 and 2013, respectively.

f) Cash flow and fair value interest rate risks

The Group's interest rate risks arise from non-current borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risks. In line with its risk management policy, the Group arranges interest rate hedges to mitigate the effect of interest rate fluctuations on its income statement. A 0.5 percentage point rise in interest rates would have led to a variation in profit after tax of Euros 502 thousand in 2014 (Euros 595 thousand in 2013).

25. OTHER INFORMATION

25.1. Employee information

The average headcount of full-time-equivalent personnel, distributed by professional category, is as follows:

	2014	2013
Management	224	219
Middle management	1,823	1,852
Other employees	41,197	43,298
Total	**43,244**	**45,369**

At year end the distribution by gender of Group personnel and the members of the board of directors is as follows:

	2014		2013	
	Female	Male	Female	Male
Board members	2	8	2	8
Senior management	2	6	2	7
Other management	59	134	58	153
Middle management	577	948	656	1,172
Other employees	30,126	14,268	31,446	13,733
Total	**30,766**	**15,364**	**32,164**	**15,073**

During 2014 the Group employed 1 executive (1 in 2013), 24 junior managers (5 in 2013) and 723 other employees (472 in 2013) with a disability rating of 33% or above (or an equivalent local classification).

25.2. Audit fees

KPMG Auditores, S.L., the auditors of the annual accounts of the Group and other affiliates of KPMG International have invoiced the following fees for professional services during the years ended 31 December 2014 and 2013:

	2014		
Thousands of Euros	KPMG Auditores, S.L.	Other companies associated with KPMG International	Total
Audit services	529	250	779
Other accounting review services	189	225	414
Tax advisory services	-	20	20
Other services	-	31	31
Total	**718**	**526**	**1,244**

	2013		
Thousands of Euros	KPMG Auditores, S.L.	Other companies associated with KPMG International	Total
Audit services	307	401	708
Other accounting review services	96	187	283
Tax advisory services	-	38	38
Other services	-	45	45
Total	**403**	**671**	**1,074**

The amounts detailed in the above tables include the total fees for services rendered in 2014 and 2013, irrespective of the date of invoice.

25.3. Environmental information

The Group takes steps to prevent and mitigate the environmental impact of its activities.

The expenses incurred during the year to manage this environmental impact are not significant.

The Parent's board of directors considers that there are no significant contingencies in connection with the protection and improvement of the environment and that it is not necessary to recognise any environmental provisions.

26. EVENTS AFTER THE REPORTING PERIOD

With effect from 21 January 2015, the Company has agreed an extension to the contract for the acquisition of 5,500,000 own shares signed on 21 December 2011, which was amended on 21 January 2014 (see note 16.4 a)), with the terms and conditions having again been amended to establish two tranches for the purchase of all the shares. Tranche 1 for the purchase of 3,100,000 shares ends on 21 April 2015 and tranche 2 for the purchase of the remaining 2,400,000 shares matures on 21 January 2016.

On 20 February 2015, the Board of Directors of the Parent Company agreed to carry out an own share buy-back programme (hereinafter "Buy-back Programme") in exercise of the authorization conferred on it by the shareholders at their General Meeting on 9 May 2011. This Buy-back Programme aims to reduce the share capital of the Parent Company, with the previous agreement of the shareholders at their General Meeting, which is expected to be held on April 2015. For this purpose, the Board of Directors agreed to include as a point in the Agenda in such General Meeting regarding the capital reduction necessary to redeem the shares acquired under the Buy-back Programme. In any case, the own shares Buy-back Programme will be unique and it will affect a maximum of 40,500,000 shares, representing approximately a 6.22% of the DIA registered capital at the date of the formulation of these annual accounts, and it will be limited to a maximum investment of Eur220 million.

CONSOLIDATED DIRECTORS' REPORT

(Free translation from the original version in Spanish. In the event of discrepancy, the original Spanish-language version prevails.)

Distribuidora Internacional de Alimentación, S.A (the company). and subsidiaries (the Group or DIA Group), have prepared this consolidated Directors' Report, following the recommendations of the preparation of the Directors' Report Guide for listed companies issued by the CNMV on 29th July 2013.

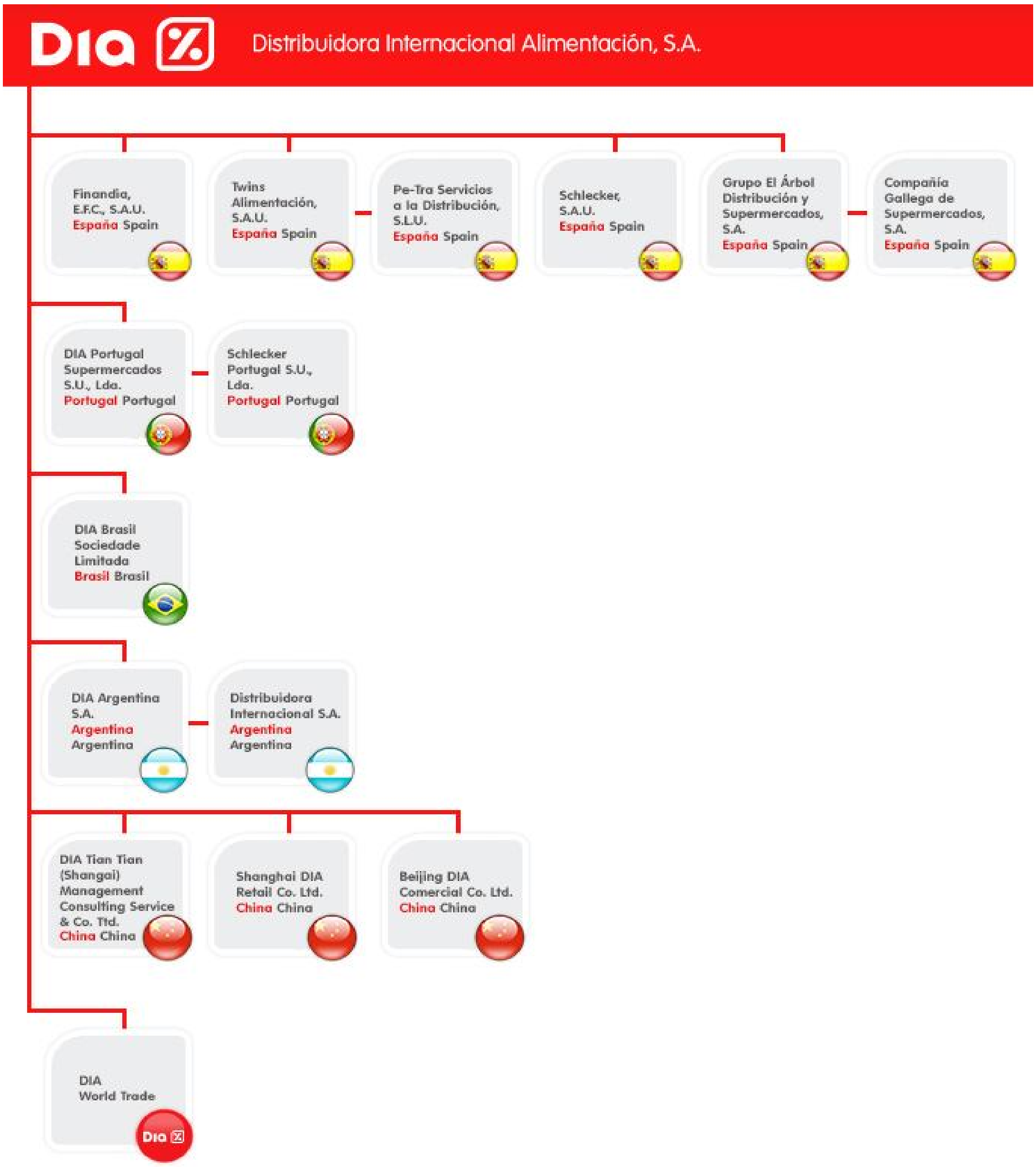
1. ENTITY'S SITUATION

1.1. Organizational Structure

Distribuidora Internacional de Alimentación, S.A. and subsidiaries form the DIA Group.

1.1.1. Corporate Structure

Distribuidora Internacional de Alimentación, S.A. owns, directly or indirectly, 100% of all its subsidiaries except Compañía Gallega de Supermercados, S.A. that is owned by the 94,24%. The societies that compose the DIA Group can be seen in the following chart.



The principal activity of the DIA Group is the retail sale of food products and any other consumer products, through owned or franchised self-service stores. DIA World Trade, S.A. is located in Geneva, Switzerland, and its principal activity is the provision of services to suppliers of DIA Group companies, while Finandia E.F.C., S.A.U., is an Spanish credit company that finances the commercial transactions of the customers in DIA stores in Spain through the "ClubDIA" card and Distribuidora Internacional, S.A. is located in Buenos Aires, Argentina, and its principal activity is the services consultancy.

1.1.2. Board of Directors

Distribuidora Internacional de Alimentación, S.A. is managed and governed by a Board of Directors which is made up of 10 members, of which six are independent, two are proprietary, one is executive and one is classified as "other external directors".

The composition of the Board of Directors is as follows:

- Ana María Llopis Rivas: Non-executive chairwoman qualified as "other external directors".
- Mariano Martín Mampaso: Vice-chairman qualified as independent.
- Ricardo Currás de Don Pablos: CEO qualified as executive.
- Julián Díaz González: Director qualified as independent.
- Richard Golding: Director qualified as independent.
- Pierre Cuilleret: Director qualified as independent.
- Rosalía Portela de Pablo: Director qualified as independent.
- Antonio Urcelay Alonso: Director qualified as independent.
- Nadra Moussalem: Director qualified as proprietary.
- Nicolas Brunel: Director qualified as proprietary.

The Board of Directors concentrates its actions on the general function of supervision and on consideration of those matters that are of particular importance to the Group. As a general rule it entrusts ordinary management of the Company to the CEO and to the Senior Management (see 1.1.3).

The main responsibilities of the Board of Directors include the followings:

(a) call of the general meeting of shareholders;

(b) appointment of directors by way of co-option and referring proposals to the general meeting regarding appointment, ratification, re-election and removal of directors, as well as acceptance of director resignations;

(c) appointment and renewal of those in the internal positions within the Board of Directors, and the members of and positions on committees;

(d) preparation of the financial statements, management report and proposal for application of profits of the Company, as well as the consolidated financial statements and director's report;

(e) preparation of the annual corporate governance report to be presented to the general meeting and the other reports and documents that must be submitted to it;

(f) setting and implementing the treasury share policies, within the framework of the authorisations of the general meeting;

(g) delegation of authority to any of its members, on the terms established by law and the articles, and revocation thereof;

(h) approval of amendment of the Board of Directors regulation;

(i) approval of the general policies and strategies of the Company and the organisation necessary to implement them, monitoring and controlling that the CEOs and directors meet the objectives and respect the purpose and interests of the Society;

(j) approval of the compensation policy of directors.

The Board of Directors has appointed an audit and compliance Committee and a nominating and compensation Committee.

The main functions of the audit and compliance Committee are the followings:

(a) reporting to the general shareholders meeting in answer to questions raised by shareholders that fall within the scope of its responsibilities;

(b) supervising and reviewing the process of preparation and presentation of the regulated financial information;

(c) supervising the effectiveness of the Company's internal control procedures, internal audit and risk management systems, and discussing with the Company's auditors such significant weaknesses in the internal control system as may be discovered in the conduct of the audit;

(d) proposing to the Board of Directors, for submission to the general shareholders meeting, the appointment of the outside auditors, as well as the conditions for hiring them, the scope of their professional assignment and, if applicable, revocation or non-renewal of the appointment;

(e) establishing the appropriate relationships with auditors or audit companies to receive information regarding such questions as may compromise their independence, for examination by the committee, and those of anyone else involved in the process of auditing accounts, and such other communications as may be contemplated in the legislation regarding auditing and audit standards.
In any event, annually they must receive from the auditors or audit companies written confirmation of their independence as regards the entity or directly or indirectly related entities, and information on additional services of any kind provided to these entities by the aforesaid auditors or companies, or by the persons or entities related thereto, in accordance with the provisions of the Audit Law.

(f) annually, prior to the issue of the audit report, issuing a report stating an opinion regarding the independence of the auditors or audit companies. This report in any event must opine on the provision of additional services referred in paragraph (e) above.

(g) supervising compliance with the rules regarding related party transactions with directors or major shareholders or shareholders represented on the board; in particular, it will report to the board regarding such related party transactions and, in general, regarding transactions that imply or may imply conflicts of interest, for purposes of their approval, and will see to it that information in respect thereof is communicated to the market as required by law;

(h) supervising compliance with internal codes of conduct, in particular the code of conduct for the securities market;

(i) any such others as may be attributed to it by law and other regulations applicable to the Company.

The members of the audit and compliance Committee are Julián Díaz González, chairman, and Richard Golding and Nadra Moussalem as members.

The main functions of the nominating and compensation Committee are the followings:

(a) evaluating the competence, knowledge, experience and level of dedication required of members of the Board of Directors;

(b) making proposals to the Board of Directors of independent directors to be appointed by co-option or, if applicable, for submission to decision by the general meeting, and proposals for re-election and dismissal of those directors by the Company;

(c) reporting on proposals of the Board of Directors for appointment of other directors to be appointed by co-option or, if applicable, for submission to decission by the general shareholders meeting, and proposals for re-election and dismissal of those directors by the general meeting;

(d) reporting on the senior management appointments and removals that the chief executive of the Company proposes to the board;

(e) reporting to the board on matters of gender diversity and, in particular, seeing to it that procedures for selection of directors and senior managers do not suffer from implicit bias preventing selection of women;

(f) proposing to the Board of Directors (i) the system for and amount of anual compensation of directors, (ii) the individual compensation of inside directors and senior managers and the other terms of their contracts and (iii) the basic terms of contracts of senior managers;

(g) overseeing compliance with the compensation policy set by the Company;

(h) generally supervising compliance with the Company's applicable corporate governance rules.

The members of the nominating and compensation Committee are Pierre Cuilleret, chairman, and Mariano Martín Mampaso and Nicolas Brunel as members.

1.1.3. Management Committee

As has been mentioned in 1.1.2., the Board of Directors of DIA entrusts on his CEO, Ricardo Currás de Don Pablos, as well as on the Management Committee, the ordinary management of the Company, whose members, apart from Ricardo Currás de Don Pablos, are the followings:

- Diego Cavestany de Dalmases: Senior Manager for Operations of DIA España.
- Antonio Coto Gutiérrez: Senior Manager for Latin America and responsable for Partners and Franchises.
- Juan Cubillo Jordán de Urríes: Business and Merchandise Manager.
- Javier La Calle Villalón: Senior Manager Portugal and China.
- Amando Sánchez Falcón: Chief Corporate Officer.

DIA Group is managed by a team with extensive experience in the retail sector and with an average tenure in the DIA company of more than 20 years.

1.1.4. Segments

For management purposes the Group is organised into business units, based on the countries in which it operates, and after the sale of DIA Francia in 2014, has two reporting segments:

Segment 1, Iberia, comprises Spain, Portugal and Switzerland (DWT). Spain and Portugal are the oldest countries of the Group and they serve as a model for the others countries. They have a very high profitability and similarly between them. In Switzerland is located DWT, whose principal activity is the provision of services to suppliers of DIA Group companies.

Segment 2, Emerging Countries, comprises Brazil, Argentina and China. These countries are characterized by a strong potential for expansion.

Management monitors the operating results of its business units separately in order to make decisions on resource allocation and performance assessment.

1.2. Operation

The DIA Group is the leading distributor of food worldwide specializing in the proximity discount segment, located in 5 countries: Spain, Portugal, Brazil, Argentina and China in which it operates in 2014 and having 7,306 stores across different formats as DIA Market, DIA Maxi, Schlecker, Clarel, El Árbol, DIA Fresh, Cada DIA, Minipreço or Mais Perto being own stores or franchises.

1.2.1. Strategy

DIA Group wants to be the leading distributor in the 2P segment, namely Price and Proximity, that are, acording to several surveys, the 2 most valuable factors for customers when choosing the store to make their feeding purchase.

Therefore, the DIA Group's strategy is based on the following lines:

(a) Leadership in the neighbourhood segment: The DIA Group boasts a unique business model that has translated into unrivalled specialisation in the neighbourhood segment. This model implies the ability to cater to each shopper's everyday grocery requirements without having to travel far, saving money and time for our shoppers in the process. Underpinned by the tenets of sustainable mobility and integration in city-scaping, the sales model makes life easier and is more environmentally-friendly, while helping to preserve existing urban cohesion and the dynamism of the broader parallel retail trade.

More than 86% of the stores where DIA Group is operating are located in urban and rural areas through formats DIA Market, DIA Fresh, Schlecker, Clarel, El Árbol, Cada DIA, Minipreço or Mais Perto offering the best prices of the area of influence.

To encourage the daily shopping, DIA Market, El Árbol and DIA Fresh stores offer more perishable products as produce quality is of increasing importance to consumers. The DIA Group responds swiftly to its customers' demands, which is why its stores are devoting more shelf space and prominence to produce. The use of light and colour in our stores facilitates selection of these products infused with energy and life. The goal, to be the player to beat in perishables: fruit, vegetables and hot spot, offering bread and pastries, are the strengths that the DIA Group is actively developing. Furthermore, El Árbol stores stand out in the assisted sale in meat, cold meats and fish.

(b) Leadership on price: Boosting shoppers' purchasing power by offering the best quality at the best price in the market make the DIA Group work with a goal of continuous improvement in efficiency in overall business management resulting in its undisputed leadership in prices. Quality food that everyone can afford is a priority for the company. The DIA Group has the best price image in its most important markets: Spain, Portugal, Brazil and Argentina.

(c) A quality own brand: The own brand is essential to achieve a good price image and represent a single link with consumers, stimulating their fidelity to our stores. The own brand in DIA constantly evolve in order to a better adaptation to the customers' needs, providing them more information and innovating, with the objective of achieving the same or even a better quality as the leader product of the market, with a unbeatable price.

On average, more than 50% of sales are own brand products, although in emerging countries this percentage is lower. Even so, in all our markets, the percentage of sales of own brand is well above the average of its own market.

(d) A single loyalty program: through the "ClubDIA" card, customers achieve immediate discounts in the cash desk in more than 300 products. Furthermore, monthly coupons are issued offering additional discounts in a product family, a brand of products or a new product that has recently gone to market. The use of these coupons represents an additional discount of 6% of the ticket purchase value.

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This tool is critical for the price image and allows the jointly elaboration with the suppliers of more efficient and profitable for all sale plans.

This program was developed entirely by DIA and is one of the most developed and efficient programs in the sector, being implemented in all countries except Brazil.

(e) Low cost operator: The improvement of the processes, the continuous reviews, and the constant search of excellence, are part of the DNA of the DIA Group. This efficiency is the best warranty for the sustainability and what allows the offering of the best prices.

In order to achieve the efficiency and the reduction of costs, the DIA Group develops all its strategic software internally, as the cash desk software, the management of warehouses program or the fidelity program described above. These programs are designed in order to a better adaptation to the proximity trade characteristics.

Efficiency couldn't be achieved without an integrated and optimized logistic system. Thereby, all merchandise for the stores prepared in our warehouses, is delivered in one multi-temperature truck where all perishable, frozen, dry or +0 temperature products fit. Warehouses are managed using the last technology as the "voice-picking" (voice-transmitted orders) or the radio frequency, that have allowed removing all paper.

Furthermore, in the stores, everything is designed to optimize the tasks of employees, starting with the products allocation facilitated by the packaging and the conditioning. In the cash desk, price reading is faster and easier because of the bioptic scanner, as the bar-code is allocated in several places of the products and the keyboard is optimized by the removal of the unnecesary keys and the enlargement of the most used keys.

Definitely, the management is aimed to efficiency, what allows achieving a lower cost and offer the best prices for the customers.

(f) The franchise: The DIA Group's track record in the design of an unrivalled business blueprint is transferable to a network of franchises giving the franchisee the opportunity to be part of a large commercial network belonging to the leader in proximity. The flexibility of the franchise model and the proximity of the franchisee to the end customer facilitate the provision of personal service and reinforce the supply of quality products at the lowest prices, nourishing the best neighbourhood model in the marketplace.

DIA transfers to its franchisees all its internally generated know how, covering all aspects of business, giving to its franchisees the possibility of the development of a profitable and competitive business.

This is way the franchise model is suitable for the proximity store management and it is the key to improve the company's profitability.

(g) Profitable growth: Since its beginning in 1979, the DIA Group has grown steadily. Its international vocation, its capacity for innovation and its high versatility make it a distance runner who needs to take on new challenges after achieving the goal.

However, the DIA Group is not searching for the growth at any cost, but it assesses the profitable growth. This sometimes implies closing unprofitable and little prospect of improvement business as has happened in the sale of the activity in Turkey on 2013 and in France in 2014 or the cessation of the activity of DIA Beijing. On the contrary, the purchase of the Plus stores in Spain at the end of 2007 or the latest acquisitions of Schlecker in the early 2013 and El Árbol at the end of 2014 demonstrate the growth will of the DIA Group even with trading operations of companies as long as they are made in a reasonable price and fit in the company´s strategy.

Regarding to the organic growth, it is not searched an uncontrolled growth that could affect the profitability of the emerging countries as it has happened in Brazil, where a profitable growth is ensured by the opening of a new region each year and a half or searching alternatives with masterfranchise contracts.

1.2.2. Business Model

The DIA Group operates proximity stores. Management of stores is carried out by own way (COCO Stores – Company Owned Company Operated), or through franchises (FOFO stores – Franchised Owned Franchised Operated or COFO stores – Company Owned Franchised Operated).

(a) Proximity stores: The DIA Group wants to have the leadership on proximity stores and from its beginnings has developed store models adapted to proximity in urban and rural areas. These stores represent about the 86% (63% DIA, 17% Schlecker/Clarel and 6% El Árbol) of the total number of stores worldwide.

The main formats of proximity stores used by the DIA Group in their markets are the followings:

DIA Market: DIA Market stores have a floor area between 400 to 700 square meters and are readily adaptable to local requirements. Its attempt to get as close as possible to shoppers, bringing them a wide range of products and an unbeatable quality-price trade-off. These stores' attention to perishables is particularly noteworthy. They are the ideal stores for your everyday shopping.

These stores sell about 2,800 products.

Schlecker: The DIA Group acquired the Spanish and Potuguese business of German company Schlecker in the early 2013. With this acquisition, DIA acquired more than 1,080 stores in Spain and 40 in Portugal, adding to its product offering in the health and beauty segment, as Schlecker stores, with an average floor space of 200 square meters, are stores specialized on household, beauty and health products, located in urban and rural areas.

These stores sell about 5,500 products.

Clarel: Clarel is a new store concept. The goal is to become the benchmark neighbourhood store for shoppers looking to buy health, beauty, household and personal care items. Clarel stores will retail around 6,000 products.

Clarel is the fruit of the acquisition of the Schlecker stores in Spain and Portugal. These stores are in the process of being refurbished and rebranded. The Clarel store image is more modern and more neighbourhood in feel.

DIA Fresh: This commercial model works as a store where the management of fresh products is developed. Falling under the umbrella of the neighbourhood shopping concept, DIA Fresh is a smaller format, with an average floor space of 150 square meters and a product offering based on fresh products such as fruit, vegetables and hot spot (bread and pastries). Another feature of the DIA Fresh store concept is its ample opening hours, which allows shoppers to stop by at any time from 9.30 am to 9.30 pm.

El Árbol: DIA Group acquired El Árbol in Spain at the end of October 2014. The store of El Árbol fall within the concept of proximity and closeness to the customer. With a network of over 400 stores, El Árbol has a strong presence in the regions of Castilla y León, Aragón, Asturias and Galicia. The stores are characterised by their specialisation in fresh products and assisted sales in meat, cold meats and fish.

Cada DIA: is the franchise commercial format for little towns, mainly rural areas, in which the franchisee can offer his products without the need of transform the store into a DIA store. Is the "lifelong" store managed by the little trader.

Minipreço: Minipreço is the brand that DIA operates in Portugal. There are convenience stores that are located in urban centers and larger stores are in the suburbs of cities. In these stores the DIA brand products are offered.

Mais Perto: is the most rural concept of DIA store in Portugal, the same as Cada DIA stores in Spain. The stores are located in little towns and are managed by franchisees of the area. This allows a greater proximity to customers.

(b) Attraction Stores: in order to complement the retail offering of the neighbourhood segment, the DIA Group operates too with attraction stores located around urban centers and offering parking to customers. These stores represent about the 14% of the total number of stores worldwide.

DIA Maxi: DIA Maxi store allows a better adaptation of the supply and the level of service offered to customers characterized by making larger and less frequent purchases, even going to the store by car, compared to the neighbourhood segment. This is the DIA Group's largest store format, with a floor area of up to 1,000 square meters. At DIA Maxi stores consumers can shop for a huge variety around 3,500 SKUs with the best market price.

(c) Management models: management of stores is carried out by own way (COCO Stores – Company Owned Company Operated), or through franchises (FOFO Stores – Franchised Owned Franchised Operated or COFO Stores – Company Owned Franchised Operated).

COCO Stores (Company Owned Company Operated): This is the historic management model for the DIA Group and, therefore, the most used, although over recent years it has become less prevalent by comparison with the franchise scheme management model. The principal advantages of this management model are the greater ease of adapting the business model, making changes and managing the personnel that work in the retail stores. In particular, the "DIA Maxi" retail stores for the most part operate under this model, due to their greater size, high sales potential and greater management complexity. New business concepts are tested first in COCO stores before being replicated in franchise stores.

COCO stores represent at the year-end 2014, about 58% of the total DIA Group stores.

FOFO Stores (Franchised Owned Franchised Operated): For the DIA Group franchising is a management model and not a different retail model, for which reason this model is treated from the point of view of the end customer in the same manner as a COCO or company owned store. It is a model that has become much stronger over recent years, and is of special significance to the DIA Group. This change in the strategy is based, principally, on the proximity between franchisees and customers that provides a nearby service fitted to their needs. The franchisee makes an optimal and efficient management of the store, is an entrepreneur who manages his business with the support of DIA generating wealth in the environment in which it operates.

FOFO stores represent at the year-end 2014, about 21% of the total DIA Group stores.

COFO Stores (Company Owned Franchised Operated): Implementation of this management model began in Spain in 2006 by way of isolated tests. Since 2009 it has been implemented in a significant manner. The principal advantage of this system is that the DIA group fits out premises meeting all investment requirements and having all necessary equipment and, thereafter, they are transferred to a third party for management and operation, which allows generation of profitability for both parties thanks to the franchisee's involvement in the operation of the point of sale.

COFO stores represent at the year-end 2014, more than 21% of the total DIA Group stores.

The current franchised banners are: DIA Market, DIa Maxi, Schlecker, Clarel, Cada DIA, Minipreço and Mais Perto.

2. DEVELOPMENT AND BUSINESS RESULTS

2.1. Main financial and non-financial indicators

Gross sales under banner reached EUR9,400m in 2014, up 1.1% in Euros and 9.9% in local currency compared to 2013. The strong devaluation of the Argentinian Peso and the Brazilian Real during 2014 (-32.8% and -8.5% respectively) was reflected in almost nine percentage points of impact in the growth rate of gross sales.

Adjusted EBITDA increased by 0.7% in 2014, to EUR585.3m (+5.1% in constant currency) with a stable margin over net sales of 7.3%. Adjusted EBIT reached EUR400,7m, a 2.1% of growth in Euros and 6.6% in local currency..

The net financial result of 2014 was EUR40,7m, 23.7% higher than in the previous year, because of the higher volume of net debt maintained during the year and extraordinary expenses incurred because of the refinancing: issuance of a bond of EUR400m and EUR400m of credit facilities.

The discontinued operation of France contributed with EUR120.6m to the net attributable profit in 2014, which increase 57.3% to EUR329.2m.The effective tax rate of 2014 stood at 26.3%, significantly lower than the 31.4% in 2013.

2014 RESULTS

(EURm)	2013 (1)	%	2014 (2)	%	INC	INC w/o FX
Gross sales under banner	**9,297.0**		**9,399.9**		**1.1%**	**9.9%**
Net sales	**7,945.6**	**100.0%**	**8,011.0**	**100.0%**	**0.8%**	**9.2%**
Cost of sales & other income	(6,217.9)	-78.3%	(6,244.8)	-78.0%	0.4%	9.3%
Gross profit	**1,727.7**	**21.7%**	**1,766.2**	**22.0%**	**2.2%**	**8.8%**
Labour costs	(628.4)	-7.9%	(660.2)	-8.2%	5.1%	12.5%
Other operating expenses	(288.5)	-3.6%	(277.3)	-3.5%	-3.9%	7.3%
Real estate rents	(229.5)	-2.9%	(243.4)	-3.0%	6.1%	9.8%
OPEX	**(1,146.3)**	**-14.4%**	**(1,180.9)**	**-14.7%**	**3.0%**	**10.7%**
Adjusted EBITDA (3)	**581.4**	**7.3%**	**585.3**	**7.3%**	**0.7%**	**5.1%**
D&A	(188.9)	-2.4%	(184.6)	-2.3%	-2.3%	2.0%
Adjusted EBIT (3)	**392.4**	**4.9%**	**400.7**	**5.0%**	**2.1%**	**6.6%**
Non-recurring items	(38.4)	-0.5%	(76.8)	-1.0%	99.9%	105.3%
EBIT	**354.0**	**4.5%**	**323.9**	**4.0%**	**-8.5%**	**-4.1%**
Net financial income/expenses	(32.9)	-0.4%	(40.7)	-0.5%	23.7%	48.3%
EBT	**321.1**	**4.0%**	**283.2**	**3.5%**	**-11.8%**	**-9.5%**
Income taxes	(100.8)	-1.3%	(74.6)	-0.9%	-26.0%	-23.2%
Consolidated profit	**220.3**	**2.8%**	**208.6**	**2.6%**	**-5.3%**	**-3.2%**
Net income from discontinued op.	(24.3)	-0.3%	120.6	1.5%	-421.8%	-596.8%
Net attributable profit	**209.3**	**2.6%**	**329.2**	**4.1%**	**57.3%**	**59.6%**
Underlying net profit	**246.4**	**3.1%**	**267.2**	**3.3%**	**8.4%**	**10.8%**

(1) Figures with France, Turkey and Beijing activities re-expressed as discontinued.
(2) Figures with France activities re-expressed as discontinued (3) Adjusted by non-recurring items.

Underlying net profit grew by 8.4% to EUR267.2m (+10.8% in constant currency).

UNDERLYING NET PROFIT

(EURm)	2013 (1)	2014 (2)	INC
Net attributable profit	209.3	329.2	57.3%
Non-recurring items	38.4	76.8	99.9%
Other financials	(1.1)	5.8	-639.4%
Discontinued operations	11.1	(120.6)	-1189.0%
Taxes	(11.2)	(24.1)	114.6%
UNDERLYING NET PROFIT	**246.4**	**267.2**	**8.4%**

(1) Figures with France, Turkey and Beijing activities re-expressed as discontinued.
(2) Figures with France activities re-expressed as discontinued.

In 2014, non-recurring items reached EUR76.8m of which EUR59.7m are related to restructuring costs and others. There were included as non-recurring items too, the accrued expenses by the new long term incentive plan 2014-16.

NON-RECURRING ITEMS

(EURm)	2013 (1)	%	2014 (2)	%	INC
Restructuring costs & other	(32.3)	-0.4%	(59.7)	-0.7%	85.0%
Impairment	1.5	0.0%	(5.5)	-0.1%	-468.0%
Gains/losses on disposal of assets	(7.6)	-0.1%	(11.6)	-0.1%	51.4%
Total non-recurring items	**(38.4)**	**-0.5%**	**(76.8)**	**-1.0%**	**99.9%**

(1) Figures with France, Turkey and Beijing activities re-expressed as discontinued.
(2) Figures with France activities re-expressed as discontinued.

Net sales per employee in euros for 2014 and 2013 are presented below:

NET SALES PER EMPLOYEE (euros)

	2013 (1)	2014(2)	INC
IBERIA	204.802	205.766	0,47%
EMERGING	188.292	184.047	-2,25%
FRANCE	271.406	240.244	-11,48%
TOTAL	**209.758**	**203.220**	**-3,12%**

(1) Average workforce figures with pro-forma data excluding Turkey and Pekin activities.
(2) Average workforce figures with pro-forma data excluding France activities.
Source: DIA

The evolution of sales with the loyalty card for 2014 and 2013 are presented below:

DIA CLUB SALES CONTRIBUTION

	2013	2014	INC
SPAIN	70,2%	71,5%	1,38%
PORTUGAL	73,8%	72,2%	-1,62%
ARGENTINA	83,0%	84,0%	1,07%
BRAZIL	-	-	-
FRANCE	59,7%	56,5%	-3,18%
CHINA	77,0%	80,5%	3,57%

Source: DIA

WORKING CAPITAL AND NET DEBT

The DIA Group's negative working capital was EUR895m at the end of December 2014, a 3.7% decrease versus December 2013, adjusted by the integration balance sheet of El Árbol, the working capital would be reduced in EUR162.7m. The increase on inventories is related to the opening of stores, the remodelling of Clarel and the new integration of El Árbol. Furthermore, Trade and other receivables returns to normal once the sale of DIA France is completed. The increase in this item is mainly related to the dynamic expansion of the franchise and the higher revenues from commercial services to suppliers' amount unbilled at year end.

WORKING CAPITAL

(EURm)	31 DEC 2013 (1)	31 DEC 2014	INC
Inventories	432.2	553.1	28.0%
Trade & other receivables	195.1	244.6	25.3%
Trade & other payables	(1,557.6)	(1,693.1)	8.7%
Trade working capital	**(930.3)**	**(895.4)**	**-3.7%**

(1) Figures with France and Beijing assets and liabilities held for sale

In 2014, DIA's net debt decrease by EUR118m to EUR553m. During 2014 there were a number of factors with impact in the debt amount: less working capital by the slowdown of the sales, EUR626m by the reduction of debt by de sale of DIA France, EUR22m of disbursement in the acquisition of a warehouse in Portugal, which previously was rented, EUR103m of dividends paid in July 2014 (EUR19,4m more than July 2013) and EIR37m of equivalent disbursement in the acquisition of a new equity-swap signed to cover the potential commitments under the new incentive Plan 2014-2016 approved in the last AGM.

DIA's Net Debt deducts a rate over adjusted EBITDA of 0.9x, improving in 0.2x the previous year amount. DIA's Net Debt doesn't take into account the purchase of assets agreement signed with Eroski in Spain, with a maximum price limited to EUR146m.

NET DEBT

(EURm)	31 DEC 2013 (1)	31 DEC 2014 (2)	INC
Long-term debt	*700.7*	*532.5*	*-24.0%*
Short-term debt	*212.3*	*199.9*	*-5.8%*
Total debt	913.0	732.4	-19.8%
Cash & cash equivalents	(262.0)	(199.0)	-24.1%
Net debt	**651.0**	**533.4**	**-18.1%**
Net debt / Adjusted EBITDA	**1.1x**	**0.9x**	**-18.6%**

(1) Assets and Liabilities of Turkey and Beijing re-expressed as held for sale.
(2) Assets and Liabilities of France re-expressed as held for sale.

STORE EXPANSION

At the end of 2014, the DIA Group operated 7.306 stores, accumulating 406 net openings during the year of which 352 were related to DIA format and 54 to Clarel formal. At the 2014 year end, a total of 741 stores were operating under the new Clarel model, of which 606 come from remodelling in 2014. In addition to the openings, the past November,1, a total of 437 El Árbol' stores were integrated in the DIA' store network, after the conclusion of the acquisition of the company operation.

The company maintain during 2014 its approach in to franchising. In the last twelve months, the total number of franchised DIA Group stores (COFO and FOFO) increased on 325 (+12%) from 2.734 to 3.059 stores. In this way, the proportion of franchised stores of the DIA format was increased from 51,8% to 54,4%, 2.6% percentaje points more than the same date of the previous year.

It is noteworthy that the progress of the franchise in 2014 was developed in both business segments. In Iberia the total number of franchise stores increased on 212, while in Emerging the increase was of 113 in the last twelve months. In Emerging the franchise represents 60.9% of the total store network.

The reduction on the FOFO number of stores in Iberia is attributable to the decision of the company for the acquisition of some of these stores in order to transfer them to COFO and because of the closings over low sales stores.

NUMBER OF STORES BY FORMAT AND OPERATIONAL MODEL

	2013 (1)	%	2014 (2)	%	CHANGE
DIA Urban	239	8.3%	264	7.8%	25
DIA Market	1,486	51.5%	1,447	43.0%	-39
Schlecker/Clarel	1,162	40.2%	1,217	36.2%	55
El Arbol	0	0.0%	437	13.0%	437
PROXIMITY	**2,887**	**78.0%**	**3,365**	**79.7%**	**478**
DIA Parking	12	1.5%	5	0.6%	-7
DIA Maxi	803	98.5%	851	99.4%	48
ATRACTION	**815**	**22.0%**	**856**	**20.3%**	**41**
Total COCO stores	**3,702**	**57.3%**	**4,221**	**57.8%**	**519**
FOFO	1,452	52.6%	1,507	48.8%	55
COFO	1,282	46.4%	1,552	50.3%	270
COFO Schlecker/Clarel	27	1.0%	26	0.8%	-1
Total FRANCHISED stores	**2,761**	**42.7%**	**3,085**	**42.2%**	**324**
Total DIA stores	5,274	81.6%	5,626	77.0%	352
Total Clarel stores	1,189	18.4%	1,243	17.0%	54
Total El Arbol stores	0	0.0%	437	6.0%	437
TOTAL NUMBER OF STORES	**6,463**	**100.0%**	**7,306**	**100.0%**	**843**

(1) Figures with France, Turkey and Beijing activities re-expressed as discontinued.
(2) Figures with France activities re-expressed as discontinued.

During the last year DIA's network increased by 186 stores in Iberia, of which 132 were under the DIA/Minipreço format and 54 under the Clarel format. At 2014 year end, after the integration of El Árbol, there were an amount of 5.415 stores in Iberia, of which 4.781 are located in Spain. In Emerging DIA have 1.891 stores, with 220 net openings in the last year, mainly in Brazil and Argentina.

NUMBER OF STORES BY OPERATIONAL MODEL AND SEGMENT

		2013 (1)	%	2014 (2)	%	CHANGE
IBERIA	COCO	1,907	52.9%	2,264	54.3%	357
	COFO	804	22.3%	1,062	25.5%	258
	FOFO	892	24.8%	846	20.3%	-46
	IBERIA DIA + El ARBOL stores	**3,603**	**100.0%**	**4,172**	**100.0%**	**569**
	COCO	1,162	97.7%	1,217	97.9%	55
	COFO	27	2.3%	26	2.1%	-1
	FOFO	0	0.0%	0	0.0%	0
	IBERIA CLAREL/SCHLECKER	**1,189**	**100.0%**	**1,243**	**100.0%**	**54**
EMERGING MARKETS	COCO	633	37.9%	740	39.1%	107
	COFO	478	28.6%	490	25.9%	12
	FOFO	560	33.5%	661	34.9%	101
	EMERGING MARKETS	**1,671**	**100.0%**	**1,891**	**100.0%**	**220**
DIA stores	COCO	2,540	48.2%	3,004	49.5%	464
	COFO	1,282	24.3%	1,552	25.6%	270
	FOFO	1,452	27.5%	1,507	24.9%	55
	TOTAL DIA + EL ARBOL stores	**5,274**	**100.0%**	**6,063**	**100.0%**	**789**
SCHLECKER CLAREL stores	COCO	1,162	97.7%	1,217	97.9%	55
	COFO	27	2.3%	26	2.1%	-1
	FOFO	0	0.0%	0	0.0%	0
	TOTAL CLAREL/SCHLECKER	**1,189**	**100.0%**	**1,243**	**100.0%**	**54**
TOTAL DIA	**COCO**	3,702	57.3%	4,221	57.8%	519
	COFO	1,309	20.3%	1,578	21.6%	269
	FOFO	1,452	22.5%	1,507	20.6%	55
	TOTAL stores	**6,463**	**100.0%**	**7,306**	**100.0%**	**843**

(1) Figures with France, Turkey and Beijing activities re-expressed as discontinued.
(2) Figures with France activities re-expressed as discontinued.

STORE SELLING AREA BY COUNTRY

(Mln sqm)	2013	%	2014	%	INC	SQM ADDED
Spain	1.4614	63.9%	1.8294	67.1%	25.2%	367,965
Portugal	0.2295	10.0%	0.2255	8.3%	-1.7%	-3,961
IBERIA	**1.6909**	**73.9%**	**2.0549**	**75.4%**	**21.5%**	**364,004**
o/w Schlecker/Clarel	0.1909	8.3%	0.2005	7.4%	5.0%	9,608
o/w El Arbol			0.3098	11.4%		309,820
Argentina	0.1883	8.2%	0.2041	7.5%	8.4%	15,774
Brazil	0.3277	14.3%	0.3869	14.2%	18.1%	59,156
Shanghai	0.0806	3.5%	0.0809	3.0%	0.3%	259
EMERGING MARKETS	**0.5966**	**26.1%**	**0.6718**	**24.6%**	**12.6%**	**75,189**
TOTAL DIA	**2.2876**	**100.0%**	**2.7268**	**100.0%**	**19.2%**	**439,192**

The DIA Group's total capital expenditure in 2014 decreased by 3.4% to EUR349.4m. Excluding the France operation (which was sold in 2014), the investment would have grown 9.5% in comparison to the previous year. In Iberia the investment increased 7.0% to EUR200.5m, while in Emerging increased 13.2% to EUR144.4m (+43,1% in local currency). These added efforts in investment matters were translated in very dynamic growth rates in Emerging and, in the case of Brazil and Argentina, outstanding improvements in market share.

CAPEX

BY SEGMENT (EURm)	2013	%	2014	%	INC
Iberia	187.4	51.8%	200.5	57.4%	7.0%
Emerging Markets	127.5	35.3%	144.4	41.3%	13.2%
France	46.9	13.0%	4.5	1.3%	-90.4%
TOTAL	**361.8**	**100.0%**	**349.4**	**100.0%**	**-3.4%**
BY CONCEPT (EURm)	**2013**	**%**	**2014**	**%**	**INC**
Openings	139.4	38.5%	139.4	39.9%	0.0%
Remodelling & Ongoing	222.4	61.5%	210.0	60.1%	-5.6%
TOTAL	**361.8**	**100.0%**	**349.4**	**100.0%**	**-3.4%**

(1) France Capex not included after 1T 2014.

BUSINESS REVIEW BY GEOGRAPHICAL SEGMENT

In Iberia, gross sales under banner decreased by 0.8% to EUR6,095m in 2014, of which EUR316m were contributed by Schlecker/Clarel and EUR133.5m by El Árbol. Adjusted EBITDA decreased by 1.2% in line with the net sales, while the adjusted EBIT increased by 0.4% to EUR353.7m.

In 2014 DIA again achieve to improve its market share in Spain. According to Kantar World Panel, DIA improves its market share in 2014 (excluding the acquisition of El Árbol), by 22 bp to 7.83%.

IBERIA

(EURm)	2013	2014	INC
Gross sales under banner	**6,143.4**	**6,095.5**	**-0.8%**
of which Schlecker/Clarel	*291.7*	*316.1*	*8.3%*
of which El Arbol	*-*	*133.5*	*-*
LFL gross sales under banner			**-5.9%**
Net sales	5,283.7	5,221.6	-1.2%
Adjusted EBITDA (1)	**504.7**	**498.9**	**-1.2%**
Adjusted EBITDA margin	9.6%	9.6%	0 bps
Adjusted EBIT (1)	**352.2**	**353.7**	**0.4%**
Adjusted EBIT margin	6.7%	6.8%	11 bps

(1) Adjusted by non-recurring items.

In Emerging Markets DIA Group maintained a very dinamic business performance. According to Nielsen, in 2014 DIA increased 70 bp of market share in Brazil to 7.1% and in 140 bp in Argentina to 12.1%.

In 2014 gross sales under banner grew by 4.8% in Euros (to EUR3.304m) and 30.6% in local currency. The growth of like-for-like gross sales reached the rate of 20.7% because of the high rates of Argentina and the continued growth rates achieved in Brazil.

On the Operating Profit level, adjusted EBITDA increased by 12.7% in 2014 to EUR86.4m (+46.4% in constant currency), with 22bp of expansion. Adjusted EBIT increased by 16.7% in 2014 to EUR46.9m (+60.6% in constant currency) with 17bp of expansion of the net margin of sales to 1.7%.

EMERGING MARKETS

(EURm)	2013	2014	INC	INC w/o FX
Gross sales under banner	**3,153.5**	**3,304.5**	**4.8%**	**30.6%**
LFL gross sales under banner				20.7%
Net sales	2,661.9	2,789.4	4.8%	29.9%
Adjusted EBITDA (1)	**76.6**	**86.4**	**12.7%**	**46.4%**
Adjusted EBITDA margin	2.9%	3.1%	22 bps	
Adjusted EBIT (1)	**40.2**	**46.9**	**16.7%**	**60.6%**
Adjusted EBIT margin	1.5%	1.7%	17 bps	

(1) Adjusted by non-recurring items.

GLOSSARY

Gross sales under banner: total turnover value obtained in stores, including indirect taxes (sales receipt value) in all the company's stores, both owned and franchised.

Net sales: sum of the net sales of integrated stores plus sales to franchised outlets.

LFL sales growth under banner: growth rate of gross sales under banner at constant currency of all DIA stores that have been operating for more than twelve months.

Adjusted EBITD: operating profit before depreciation and amortization of fixed assets, adding back restructuring costs and revenues, impairments, re-estimation of useful life and gains/losses arisen on the disposal of assets.

Adjusted EBIT: operating profit after adding back of restructuring costs and revenues, impairment and re-estimation of useful life and gains/losses arisen on the disposal of assets.

Underlying net profit: net income calculated on net profit attributable to the parent company, excluding non-recurring items (restructuring costs and revenues, impairment and re-estimation of useful life, gain/losses on disposal of assets, exceptional financial results, tax litigations, test value of derivatives in shares), discontinued operations results and the corresponding tax impact.

2.2. Questions related to environment and personnel

2.2.1. Environment

The DIA Group is working hard to reduce its environmental impact by continually fine-tuning all of its processes. With the intention of improve quantitatively and qualitatively the environmental information that the company publish both internally and externally, during 2014 indicators have been revised, proposing modifications that expand the report information and improve the criteria, adapting them to the recognised general standards. In this revision project an internal verification of the reported information has been performed too, in order to ensure the quality of the information to work on plans to improve these indicators.

In 2014 the framework to build the environmental management system has been defined, and have been drafted, disseminated and implemented at international level the first procedures as a measure to ensure the homogenous application, for all the levels, of the defined standards for the DIA Group. This Standardization System will continue in the future, as the defined procedures will be subject to revision and continuous updating.

During this year, the company has worked too in the development of an own tool that will allow the calculation of the carbon footprint of the facilities and activities of the company in all its geographical and operational scopes.

DIA Group comprehensively review its facilities and activities, applying an environmental diagnosis procedure whereby it can be assess its situation regarding the waste management, the emissions and discharges control, resource consumption (water, energy), and the existing measures to minimize de environmental impact.

In 2014 the diagnosis of logistics platforms of DIA in Spain has been completed, performing the environmental audit of the 9 non-evaluated warehouses in 2013 and implementing the improvement plans derived from the obtained results.

The application of the environmental assessment procedure that has been started in the Spanish warehouses, plans to increase its geographical and operational scope, gradually extending on a gradual way both to the group of countries where DIA Group is present, and to the rest of facilities (stores and offices).

Finally, the integrated management of wastes that during 2012 was in the experimental stage in one warehouse, and that was generally implemented in 2013 for the Spanish warehouses, has been consolidated during 2014 at European level.

Once implemented widely, the separation of the recoverable fractions process has allowed the increase of the waste fractions whose final destination is the reuse, recycling or recovery and the decrease of the waste fraction destined for landfill.

2.2.2. Personnel

WORKFORCE

During 2014 the workforce in the DIA Group has grown in the extent that the business has grown. In this way, in Argentina the workforce has been increased by about 1.000 full-time staff, and in Brazil the amount is doubled. In Spain and Portugal the workforce is more stable and there aren't variations. In the case of China, during this year operations in Beijing have been discontinued and the structure efficiency in Shanghai has been improved in order to position the business unit in a more competitive situation.

The sale of France, effective in November, has meaning for DIA and adjustment in the business and in the workforce, that has been compensated with the acquisition of the El Árbol Group in Spain.

The management teams in DIA continued to stand out because of the great stability and commitment, that have a significant influence in the operational efficiency. It is a collective that grows very moderately, according to the group's philosophy.

The teams for the selection and training for base and functional personnel have continued doing an excellent work in the recruitment and development of the workforce in all the countries. The effort made in America should be noteworthy, where the company has to face the increase in the workforce in the context of a dynamic labour market, especially in Brazil.

A key element of success, as the stability of the workforce, is the selection and training system for base and functional personnel, that allows attract and retain the best professionals. The selection and training of the store employees, is performed by qualified professionals in the stores-schools, that after a rigorous selection process it is imparted training formation for the store work in an extraordinarily practical way. Furthermore, the training process in the logistic centers is directed mainly to the efficient use of machinery and tools and to the occupational risk prevention.

COMPANY-EMPLOYEE RELATION

In September 2014 it has been finished the implantation of the Work Environment Evaluation survey in the whole group, and therefore, employees in China and Brazil had the opportunity of been heard through the same system used in the rest of the countries, an on-line survey. Both countries have shown a high level of participation and a good level of general satisfaction, standing out a very good assessment of the franchise in DIA, showing a great alignment with this business strategic line. Moreover, it can be stand out, as in the rest of countries of DIA, the commitment with the company and the positive vision of Management. During 1025 Action Plans arising from these results will be elaborated and action of improvement will be implemented locally along with the ones already promoted from de HHRR Direction since 2013.

About the Internal Communication, aware of the importance of employee involvement in the company project, it continues to develop in DIA.

New channels of communication have been launched in all the countries and most of the existing have been updated. For this propose, it has been created for the staff at headquarters and the offices in Spain a Newsletter about the projects that are underway in the company. It has been launched the Employee website for the store and warehouse staff in Spain, with access from mobile devices. In Argentina they continue with the weekly Newsletter where the currently news of the company are publish and self-education courses and internal vacancies are offer. In general during 2014 all countries have created and renovated their internal publications in paper for their employees. Moreover, in Spain it has started an specific communication channel for hierarchical levels about the DIA's client, for further progress in positioning the client as the clear leader of our decisions, and steps have been took for the implementation and adaptation in the rest of the countries.

HEALTH AND SAFETY AT WORK

Being aware of the importance of maintaining appropriate conditions to prevent risks, DIA scrupulously complies with the current legislation. About the accidents at workplace information, the percentage of hours of work leave for accidents is 0.4%, a low percentage for the characteristics of the work in stores and warehouses, and the percentage of hours of work leave for sickness is 4.2%, that can be consider as a very reasonable rate.

In warehouses and stores, exist specific training about occupational risk prevention, and all employees training about the use of the specific machinery that they use in their Workstation.

This concern for the welfare of our employees imply, for personnel in office, information and sensitization about health and safety at Workstation, that in Spain has its largest representation in the Healthy Week.

This year DIA has taken actions to increase awareness of information security, a risk which is increasing given the high level of technological connectivity with which professionals works in nowadays' large companies.

EDUCATION AND TRAINING

In DIA an occupational and high quality training is provided for employees applying for jobs in stores to prepare them for the managing of a sale terminal (cash register), inside the DIA values and in basic concepts of product emplacement and collaboration, customer attention and teamwork.

About the training on business offices includes mainly two types. The largest is the training on languages, mainly English, the same as Spanish, Chinese and French, as this is important for the negotiation with suppliers around the world and for the internal communication in a global company. Technical training affects to most of the workforce, with the specific knowledge for the Workstation or for the managing of office tools and other software applications, which support and provide effective internal company processes.

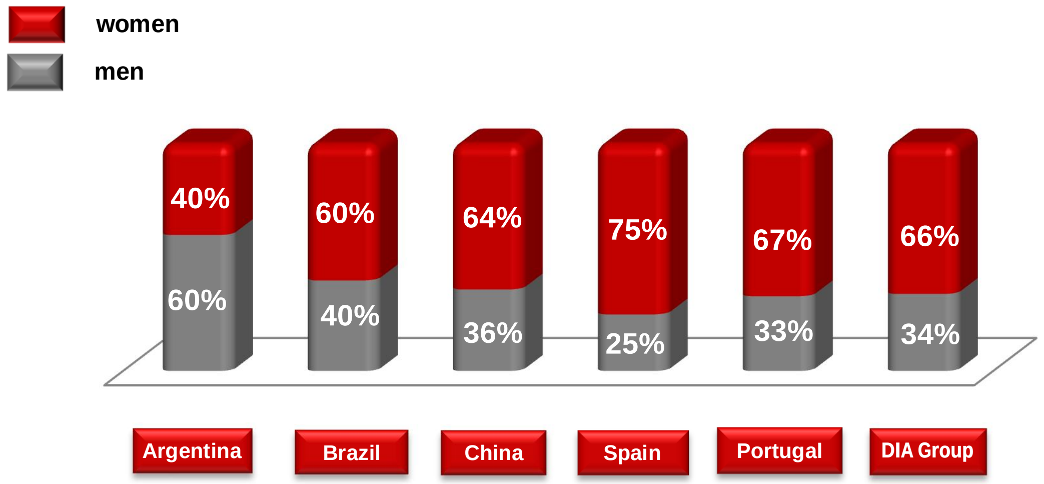
DIA Group has an e-learning *in company* platform already used in almost the full scope of the Company as a solid alternative to classroom training. Specifically in Argentina this formula has a high importance, offering a grean quantity of courses to its store and office employees. Also, the International Franchises area has developed a training that improves the training of franchisees in all countries and all languages of the DIA scope.

During 2014 the new DIA International Development Program (PIDD) was started and it's focused to high potential Managers throughout the Company. 20 people of the different areas of the company participated on its first edition. This executive training is taught in an *in company* format through a business school of international prestige. This initiative is seen as a key tool in developing our potential at management level.

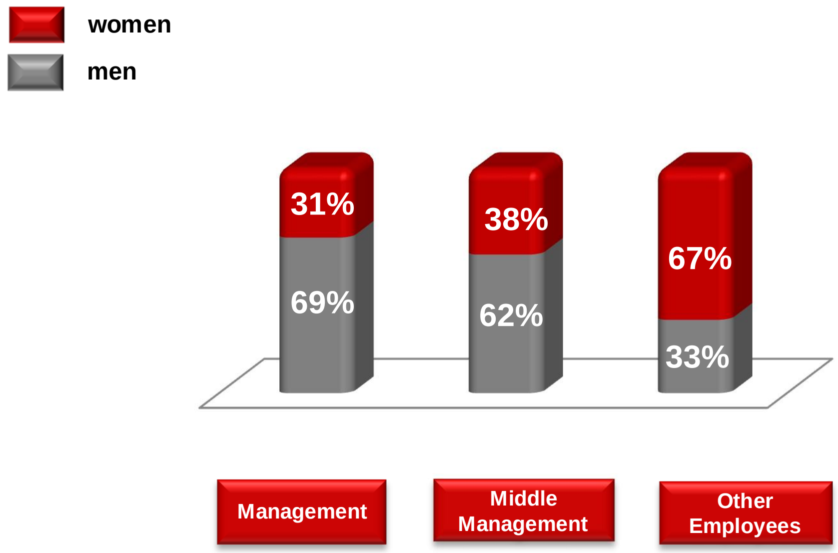
DIVERSITY AND EQUAL OPPORTUNITIES

DIA Group is a group of companies committed to equal employment opportunities, where the presence of women is balanced, reaching a 66% of the workforce, being the representation of women in management positions a 39% in the Group level, reaching the 50% or even higher in countries as Spain or China.

The distribution of the employees by country in 2014 is as follows:



being the distribution by occupational categories as follows:



PERFORMANCE AND REMUNERATION

In the DIA Group there are mechanisms for performance assessment for the 100% of the workforce. For store and warehouse personnel, objectives of performance of productivity in workplace and individual are assessed. For the business office, individual objectives are focused on the individual performance and in the same line as the company objectives.

For this reason, different own assessment systems have been developed. Nowadays the company is working on a new application for the assessment of the management, valid for all the countries, that will be support for moving forward on the steering alignment with the business objectives.

For the directors level the company has started a system for the talent management with a global scope, which will increase the strength of succession plans of the company and the stability of business processes, as well as the commitment of our best professionals with the DIA business project.

The remuneration policy is established on general terms by the Management of the Company, according to the market, the inflation, agreements with unions and collective agreements.

DIA's remuneration policy is based on the following principles and foundations:

- Moderation and fitness to trends and references on remunerations followed in companies of similar size and activity locally, so as to be aligned with the best market practices.
- Reward quality, dedication, responsibility, business knowledge and commitment to the Company of people who occupy key posts and lead the organization.
- Close linkage between compensation and results of Company's operations, so that the weight of the variable remuneration is adequate to effectively reward the achievement of objectives and adding value to the Company and its shareholders.
- Internal equity and external competitiveness.

3. LIQUIDITY AND CAPITAL RESOURCES

3.1. Liquidity

The Group applies a prudent policy to cover its liquidity risks, ensuring the fulfillment of the payment commitments acquired, both commercial and financial, for a minimum period of 12 months; covering the financial needs by recurring cash flow generation from its business, as well as the engagement of long-term loans and credit facilities.

At 2014 closing, liquidity availabilities amount to EUR 1,195.4m, including cash, cash equivalents and available credit facilities.

Liquidity Analysis (in millions of euro)			
Class	Total	Used	Available
Revolving lines of credit (*)	757,8	7,8	750,0
Credit facilities	168,6	85,7	82,9
Cash and other cash equivalents	199,0	-	199,0
Commercial Paper facilities	70,0	-	70,0
TOTAL	**1.195,4**	**93,5**	**1.101,9**

(*) It is included EUR 7.8m from El Árbol, with a short-term maturity

3.2. Capital Resources

The DIA Group has invested in recent years an amount close to EUR350 million, excluding the acquisitions of shares. The Group's strategy is focused on investing mainly in markets with higher returns and in store openings. Thereby, between the 40% and 50% of the investments are intended to stores and warehouses opening.

Each business unit prepares an annual investment plan that is submitted to the Group Management through an Investment Committee. At the same time, the senior management submits for approval to the Board of Directors.

In financial terms, targets on return on investment are set.

3.3 Contractual obligations and off-balance operations analysis

In the current development of the activity, the DIA Group has made certain operations not included in the balance sheet and that can suppose a cash inflow or outflow in the case of having to deal with the commitments arising from these operations. These are mainly operating leases for stores and warehouses.

The total commitments acquired by the Group at 2014 closing that can affect its liquidity amount to EUR410.2m (2013: EUR686.3m). The most significant item corresponds to lease contracts commitments signed for the premises where the DIA Group develops its activity.

Lease contract commitments of premises amount to EUR210.7m at 31 December 2014 (31 December 2013: EUR454m). The main variation is due to the exit from the consolidation perimeter of DIA France.

On the other hand, the DIA Group has obligations related to furniture and equipment rentals (vehicles, equipment, cleaning contracts…) for an amount of EUR9.4m at 31 December 2014 (EUR4.1m at 31 December 2013). The main variation is due to the entry in the consolidation perimeter of the Group, of El Árbol.

The rest of obligations are classified between Treasury and Expansion operations, for an amount of EUR190.1m at 31 December 2014 (EUR228.1m at 31 December 2013).

Treasury operations include open credit facilities for customers in stores amounted to EUR76.2m at 31 December 2014 (EUR74.7m at 31 December 2013). These credit facilities are related to limits granted originally to customers in the payment card.

Commitments related to expansion operations amount to EUR113.9m at 31 December 2014, EUR153.4m in the same period in previous year. These operations include primarily call and put options for properties, mainly warehouses, and obligations related to commercial operations and contracts, mainly with franchisees. The decrease in these commitments is due to the exit from the consolidation perimeter of DIA France and the cancelation of the Torres Novas warehouse in Portugal once the purchase was performed in 2014.

The DIA Group has also received commitments that can involve a future cash inflow for an amount of EUR1,331.4m (EUR731.7m at 31 December 2013). These received commitments are related to Treasury and include the amounts of the credit facilities, revolving credit, commercial paper and confirming credit, granted and unused. The increase in these commitments between 2014 and 2013 is mainly due to the syndicated credit contract signed by the Parent with some financial entities for an amount of EUR400m, and also the increase of the confirming credit facilities, also in the Parent. Additionally, in DIA Portugal short term debt securities have being signed in 2014, under the rules defined by the Portugal Bank, defined as "Commercial Paper". They are negotiated lines with banks that allows DIA Portugal to use them as a overdraft in the current account.

With these credit facilities, the Group covers its financial needs for the daily operations and it doesn't consider that any circumstance can occur that will affect to the granting of these credit facilities by financial institutions.

4. MAIN RISKS AND UNCERTAINTIES

4.1. Operating risks

RISK OF LIABILITY FOR DEFECTIVE PRODUCTS

The DIA Group business is exposed to the risks of civil liability inherent in the marketing of food products. Despite the fact that the DIA Group does not directly produce any of the products it distributes, it cannot be guaranteed that no liability complaints will be presented against the DIA Group.

The safety and quality of the products are essential to the maintenance of consumer confidence. A material error in the procedures for control of the integrity of the products could translate to decrease confidence, resulting in a loss of customers and an adverse impact on the "DIA" brand and its reputation, which would affect the "sales" account.

In order to mitigate the possible materialization of this risk, the DIA Group created and implemented an integrated quality management programme, which covers the following matters:

- Selection of ingredients/base products: after deciding to develop an own brand product, there is work for technically defining the product, precisely describing the quality specifications thereof. Thereafter, there is a comparative tasting using a representative sample of consumers, in order to evaluate consumer perception of the sensory characteristics and design of the product under development.

- Manufacturing: with the adoption by the selected suppliers of strict health and safety measures. Also, before being selected to work with the DIA own brand, suppliers must pass a strict initial approval audit.

- Finished product: after development of the product, at each warehouse, there is a department responsible for controlling the quality of the finished products and taking samples from each truck arriving there, with merchandise not meeting the defined quality standards not being accepted.

Also, in order to mitigate this risk, the DIA Group has an insurance policy appropriate in its coverage concerning liability for defective products.

RISKS ASSOCIATED WITH PROVISIONING, PRODUCTION AND DISTRIBUTION

The products sold by the DIA Group are manufactured or sourced principally in the country in which the business is conducted, or the bordering countries. This fact implies, on the one hand, greater dependence on those suppliers and the continuity of their businesses and, on the other hand, greater exposure to such political and economic conditions, labour disputes and disruptions and natural disasters that may occur in the geographical areas in which those suppliers conduct their businesses.

Many of the products distributed by the DIA Group are perishables, for which an inaccurate assessment of demand or the impossibility of maintaining products in stock could complicate stock management and have an adverse impact on the operating results of the Group.

Regarding product distribution, DIA has a series of transport and distribution contracts (activities entirely entrusted to third parties). Any significant interruption in the operations of the transport network, insolvency of the suppliers and transporters, or termination of the aforesaid contracts could result in logistics problems and delays in distribution of products to the retail stores. In addition, non-compliance with tax and Social Security obligations by transporters could result in additional costs for the DIA Group in the form of subsidiary liability.

The fact that suppliers or transporters may not make deliveries, or do not perform their tasks, or that there may be a delay in their deliveries or performance of their tasks, and any additional costs associated with such delays or failures, could result in the generation of additional expenses for the DIA Group and a material adverse impact on its business, financial situation and operating results.

The DIA Group has the following management systems or tools to mitigate the above risks:

- DIA bases its competitive strategy in the operating efficiency throughout the value chain based on high technology logistics and information systems.

- Regarding the transport of merchandise from the DIA Group logistics platforms to retail stores, the DIA Group has a standard contract that is used to hire transport undertakings that are to load, transport and unload merchandise, in which states the obligation on transport undertakings and their workers to comply with certain internal and quality rules in the performance of the service and to coordinate regarding prevention of employment risks and control procedures to verify compliance by the transporters with their tax and employment obligations.

- The logistics platforms or warehouses have software which gives real-time information on the stock in the warehouse, and prepares a daily plan of production and transport within the warehouse.
- For the management of retail stores, the DIA Group has developed automated ordering software called APT2, which places the retail store order for each article in accordance with its stock, its sales forecasts, and the expiration date and implementation characteristics of the retail store. This programme also optimises the loading of the truck, improving transport costs.

REGULATORY RISK

The DIA Group's business is subject to a broad range of regulations (labour, environmental, tax, data protection, retail trade, franchising, food handling and safety, competition and other legislation) in the different jurisdictions in which it operates. The differences in the regulatory requirements applicable in each jurisdiction may present a significant challenge from an operational point of view, by requiring that the DIA Group adjust its business to varying regulatory schemes.

The operations of the DIA Group also could be affected by changes in rules applicable to it, in particular by amendments of regulations of opening hours, construction and opening of new stores, establishment of prices and taxes. Any violation of the applicable rules could result in imposition of fines, penalties, administrative sanctions, and even potential sanctions of a criminal nature.

The DIA Group has the responsibility to identify, measure and minimize legal risks continuously observing the regulatory framework applicable and reporting on compliance with legal obligations to internal responsible for operations.

In order to develop and properly fulfil this function, the Company has an organizational structure consisting of a Human Resource Management, a Financial and Fiscal Management and Legal Department in all jurisdictions in which it operates, which have the function of identifying the applicable regulations and monitor compliance.

To properly perform the functions of identification of the regulatory and supervisory framework of compliance, the DIA Group has undertaken the following actions:

1.- Establishment of a process control and monitoring rules.

The DIA Group has what has been termed a "map of regulation", which identifies and details all regulations applicable to the Group, with focus on key legislation in the main processes of the supply chain, and which has been classified into six paragraphs:

- legislation applicable to the negotiation process of the product, that is to say, to the DIA Group's relationship with its suppliers of services and goods, competitors, regulatory boards, brands, etc;
- legislation applicable to the logistics activity, that is to say, to the exercise of the activities of warehousing, distribution and transportation of goods;
- legislation applicable to the wholesale and retail trade;
- legislation applicable to business premises, urban lease, condominium, local taxes, business hours, etc.;
- legislation applicable to the relationship between DIA and its customers, protection of personal data, consumption, method of payment, advertising and sales promotion, etc.;
- legislation applicable to the DIA Group, as a listed company, on matters of stock market, internal code of conduct, etc.

Those responsible for monitoring, at the same time, are responsible to inform the rest of the Company on the content and scope of the new and/or regulatory changes, designing and holding training sessions, well in classroom mode or in e-learning, when legislative developments had a significant impact on the activity of the DIA Group.

The said persons have established a procedure for monitoring and updating of policy and communication to carry out this function, whereby are defined resources, responsibilities and internal and external tools needed to perform this function and achieve the dual objective of having a regulatory map updated and an organization informed about their legal obligations.

2.- Systems Implementation Compliance.

The DIA Group has established policies and procedures to inform and train employees on certain principles of behaviour and to prevent and detect misconduct. In this line, it is noteworthy the existence of the DIA Group Code of Ethics and the creation of an Ethics Consultation and Information Channel, and the implementation of a plan or model of crime prevention in the Company.

(i) Code of Ethics and Ethics Consultation and Information Channel

On 9th May 2012 the DIA Board of Directors approved the first Code of Ethics (available in www.diacorporate.com), result of consensus and reflection of the diversity within the DIA Group. The Company has considered that the Code of Ethics is the best instrument to implement an enforcement policy from the top down, leading by example employees with certain lines of conduct or behaviour. As with the other standards defined by the Company, all employees must comply with the principles of conduct contained in said Code.

DIA has also established an Ethics Consultation and Information Channel (via e-mail and postal address) at group level and at the level of each jurisdiction in which DIA operates in order to clarify questions of interpretation and analyse and resolve potential breaches of the Code, in accordance with internal and external regulations that are applicable. The Ethics Committee at the corporate level is responsible for managing the Ethics Consultation and Information Channel, spreading their existence and overseeing its proper functioning.

(ii) Crime Prevention Plan in Spain

The DIA Group has implemented a model of crime prevention in order to establish the most appropriate procedures and internal control policies to prevent the commission of acts contrary to the law and, where appropriate, to reduce or hold harmless the Company after reform of the Organic Law 10/1995 of 23 November, approving the Penal Code.

To this end, we have analysed the activities of the different business areas and the DIA Group assessed the risk of each activity in relation to the commission of offenses in terms of probability and impact, given the controls already in place by the DIA Group to mitigate risks.

Also, it has been designated within the organization, a person responsible for prevention, who will report to the Director of Compliance and Ethics Committee at the corporate level and is responsible for the maintenance and proper functioning of the prevention model.

(iii) Anti-fraud Program in Spain

DIA has implemented an Anti-fraud program in 2014 in Spain.

Following the same methodology than for the Crime Prevention Model, we have analysed the activities of the different business areas and DIA assessed the risk of each activity in relation to possible behaviours of fraud and corruption, given the controls already in place by DIA to mitigate risks.

Similarly, it has been designated within the organization, a person responsible for anti-fraud prevention, who will report to the Director of Compliance and Ethics Committee at the corporate level and is responsible for the maintenance and proper functioning of the prevention model.

4.2. Financial risks factors

The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimize potential adverse effects on the Group and shareholders' profitability.

Risks are managed by the Group's Finance Department. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's business units.

The Group's activities are exposed to various financial risks: market risk (exchange rate risk, interest rate risk), credit risk and liquidity risk.

4.2.1. Market risk

A- Interest rate risk

The Group Interest rate risk arises from the fluctuations in interest rates which affect to financial costs of non-current borrowings issued at variable interest rates.

In line with its risk management policy, the Group arranges various interest rate hedges to mitigate its risk exposure. At 31 December 2014, the nominal value of outstanding derivatives with external counterparties to hedge the interest rate of long-term financing amounted to EUR215m maturing in 2015.

At the end of year 2014 the hedge percentage on the gross debt volume stands at 80.32% versus a hedge of a 80.34% the previous year.

On the other hand, the Group policy for financial assets is to keep ready cash to use. These balances are held in financial institutions with high credit ratings.

B- Currency risk

- Operational: cash flows

Fluctuations in currencies, other than the local currency, may impact positively or negatively on the consolidated accounts. The Group seeks to minimize the risk through the negotiation of forward currency contracts managed by the Group Treasury Department. In year 2014, the amount of annual purchases in foreign currencies, mainly in US dollars, is USD5,862 thousand (2013: USD6.165 thousand). The hedged transactions carried out accounting for 99.99% of the hedge in both years. At the year end, outstanding hedges total USD1,549 thousand and expire in the next twelve months (2013: USD1,676 thousand).

- Subsidiaries

The Group holds investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk affecting net assets of the Group's foreign operations in Argentinian Pesos, Chinese Yuan and Brazilian Real is mitigated primarily through borrowings in the corresponding foreign currencies.

The translation differences included in other comprehensive income are significant due to the significant devaluations of the Argentinian Peso and the Brazilian Real. Had the exchange rates in the countries where the Group operates that use a currency other than the Euro depreciated/appreciated by 10% the translation differences would have varied by +25,59% / -31,27%, respectively, in the equity of the DIA Group.

C- Risk on financial instruments

With effect from 21 January 2014, the company has signed an extension to the Equity Swap contract with expiry date 21 January 2015 of 5,500,000 shares. On 1 August 2014 the Parent signed an equity swap contract whereby the latter acquired 6,000,000 own shares with expiry date 01 September 2015. Both operations have been performed in order to meet with the payment obligations arising from the LTIP program (Long Term Incentive Plan) to the Group Executives. Details are included in note 16 of the Notes to the Consolidated Annual Accounts. The derivative financial instrument is registered in the consolidated Net Equity.

4.2.2. Credit risk

The Group is not significantly exposed to credit risk. The Group has active risk policies to ensure that its wholesale customers have adequate credit quality. Retail sales pose less risk in that they are settled in cash or by credit card.

Derivative and cash transactions are performed with financial institutions that have high credit ratings, with minimum ratings of BBB. In countries where the rating is below that rating, operating with local financial entities considered high credit quality by local standards.

Also, the Group places cash surplus in high credit quality assets and maximum liquidity. Policies established by the Executive Management of the Group are based on criteria of liquidity, solvency and diversification, establishing maximum amounts invested by counterparty, within a maximum term of 90 days of investments duration and definition of the instruments to which the surplus placement is authorized.

4.2.3. Liquidity risk

Recommendations regarding the information on this type of risk, its possible impact on the Company and the policies carried out by the same in order to mitigate it, are contained in note 3 "Liquidity and capital resources" in section 3.1. Liquidity. We refer to this section.

5. IMPORTANT EVENTS AFTER THE REPORTING DATE

With effect from 21 January 2015, the Company has agreed an extension to the contract for the acquisition of 5,500,000 own shares signed on 21 December 2011, and modified on 21 January 2014, with the terms and conditions having again been amended to establish two tranches for the purchase of all the shares. Tranche 1 for the purchase of 3,100,000 shares ends on 21 April 2015 and tranche 2 for the purchase of the remaining 2,400,000 shares matures on 21 January 2016.

On 20 February 2015, the Board of Directors of the Parent Company agreed to carry out an own share buy-back programme (hereinafter "Buy-back Programme") in exercise of the authorization conferred on it by the shareholders at their General Meeting on 9 May 2011. This Buy-back Programme aims to reduce the share capital of the Parent Company, with the previous agreement of the shareholders at their General Meeting, which is expected to be held on April 2015. For this purpose, the Board of Directors agreed to include a point in the Agenda in such General Meeting regarding the capital reduction necessary to redeem the shares acquired under the Buy-back Programme. In any case, the own shares Buy-back Programme will be unique and it will affect a maximum of 40,500,000 shares, representing approximately a 6.22% of the DIA registered capital at the date of the formulation of these annual accounts, and it will be limited to a maximum investment of EUR200 million.

6. OUTLOOK ENTITY INFORMATION

In 2015 DIA expects to accelerate the growth of its sales through organic growth and new contribution from acquisition (El Árbol) and the integration of Eroski stores (transaction pending of approval by the competition authorities).

DIA expects to be able to increase the adjusted EBITDA 2015 through the combination of organic growth and significant contribution of the acquisitions, even though the new assets will have a dilutive effect on the current margins.

In 2015 DIA plans to invest between EUR330m and EUR340 in scope and without foreign exchange rate effect, with higher investment in Emerging in both relative and absolute terms (25% most investment than in 2014). The company also agreed the investment of until EUR146m in a Eroski group of stores in Spain. In addition, DIA will invest around EUR50m in 2015 for remodelling of the recent acquisitions.

DIA keeps on the objective of double-digit growth in the average annual growth (TACC) in the adjusted earnings per share in local currency that was marked for the period 2012-15.

7. R&D+i ACTIVITIES

DIA has developed from its origins a strong effort in the development of knowledge, management methods and business models that have allowed the Company to generate sustainable competitive advantages. Through franchising, DIA transfers its know-how to franchisees so that they can carry out a profitable and efficient business.

As it is establish in the IAS 38, DIA Group includes the development costs generated internally in the Assets, once the Project has arrived to a development phase, whenever they were clearly identifiable and were linked to new commercial models projects and IT developments, to the extent that it could be justified that they will result on an increase in the future profit for the Company.

Associated costs to R&D+i incurred by DIA during 2014 are, on percentage, smaller respect to the rest of costs incurred for the development of own activities of the social objectives.

The activated amount during year 2014 is EUR5.5.21m (EUR8.11m in 2014), corresponding to the capitalization of IT developments in Spain (in Spain and France in 2013) and the development of the new store and stockmodel CLAREL.

8. ACQUISITION AND DISPOSAL OF OWN SHARES

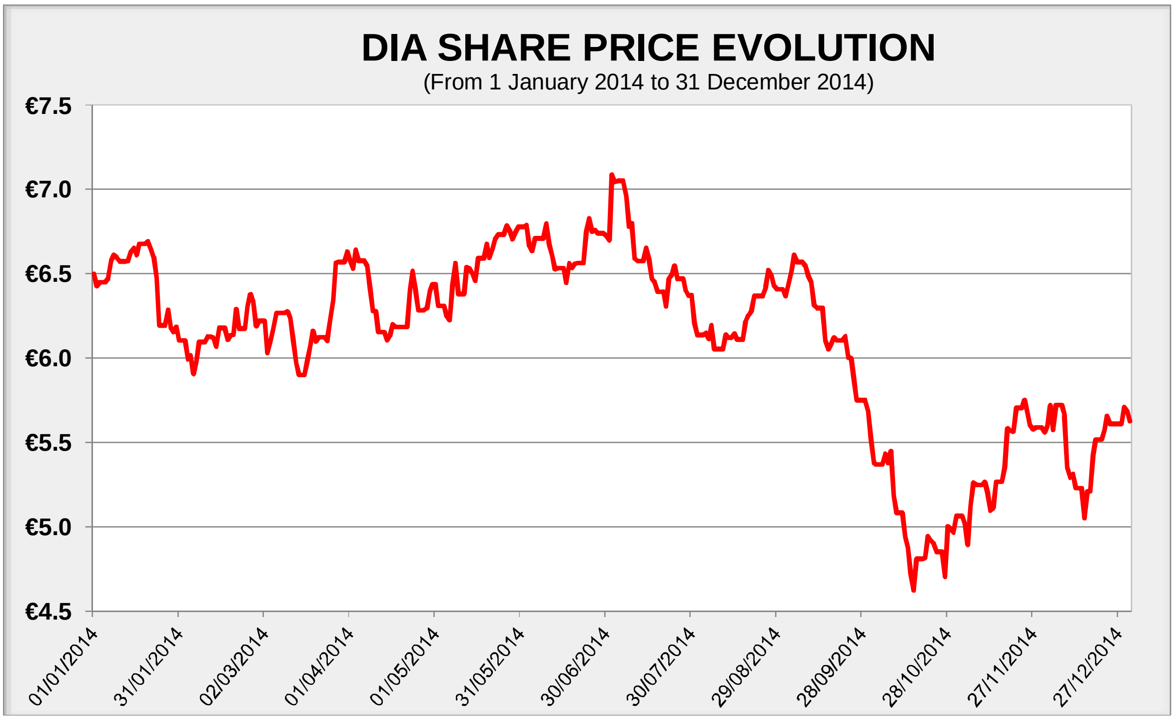
At the year-end 2014, the parent company has an amount of 11,508,762 own shares, which represent the 1.77% of the Capital, with an average purchase price of 5.1147 euros/share representing a total amount of EUR 58,864,185.94. This amount included in the Balance Sheet, covers a potential distribution related to the execution of the Long Term Incentive Plan for the management team, approved in the ordinary General meeting in 2012 and also the new Long Term Incentive Plan approved in the General meeting in 2014.

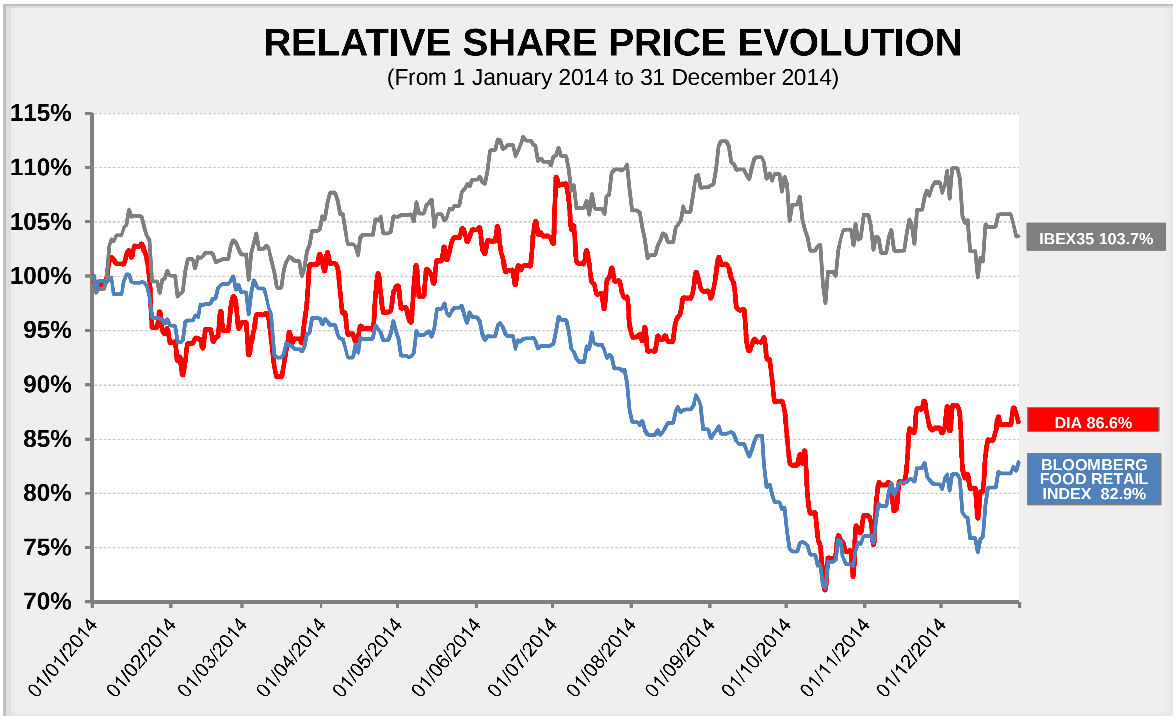
TREASURY STOCK & EPS

	2013	2014
Number of shares outstanding	651,070,558	651,070,558
End of period number of treasury shares	5,901,981	11,508,762
WEIGHTED AVERAGE NUMBER OF SHARES	**646,045,350**	**643,423,475**

9. OTHER RELEVANT INFORMATION

9.1. Stock market information





During 2014 the DIA share had a fall of 13.4%, a very similar evolution to 17.1% registered by Bloomberg Food Retail Index and lower to 3.7% of revaluation reached by the IBEX35, Spanish main stock index reference. The deflation in the European food market was reflected in a poor market performance of all companies in the sector. The minimum price in that period was set on 16 October 2014, when the stock closed at EUR4.62 per share, while the maximum price was set on 2 July 2014, when the stock closed at EUR7.09 per share, closing the year with a price of EUR5.63 per share and a VWAP (Value weighted average price) of EUR5.9268 per share. During 2014 the liquidity of the shares remained high, with sustained upward trend since it started to be listed on the stock market, accumulating an amount of EUR1,409m shares traded in the year with total negotiated value of EUR8,354m.

9.2. Dividends Policy

DIA has defined a Dividends Distribution Policy which consists on the distribution to its shareholders between the 40% and 50% of the underlying net profit.

Since Distribuidora Internacional de Alimentación S.A., started to be listed on the stock market on 5 July 2011, has distributed three sole ordinary dividends under exercises 2011, 2012 and 2013. The gross amount of these dividends was of EUR0.11 per share (distributed on 1 July 2012), EUR0.13 (distributed on 16 July 2013) and EUR0.16 (distributed on 16 July 2014), representing a pay-out of the adjusted net income of 47.8%, 46.5% and 45.3% respectively.

The Board of Directors will propose to the General Meeting of Shareholders, the distribution of EUR0.18 per share, an amount 12.5% higher than the dividend of EUR0,16 per share paid the past 16 July 2014 by the 2014 free reserves. This dividend represents a pay-out of 43.9% over the Underlying net profit and will involve the payment of about EUR115m of dividends to shareholders.

9.3. Management of credit rating

Credit rating agencies Standard and Poor's (S&P) and Moody's attributed to DIA a rating in the long term of BBB- and Baa3 respectively, both with stable outlook. The purpose of the Company is to keep the corporate rating of the company within the range "investment grade" and not achieving financial leverage above 1.5x net debt on adjusted EBITDA.

9.4. Other information

DIA's Corporate Governance Report is part of the Director's Report and is available at www.diacorporate.com and published as price-sensitive information on the CNMV (Spanish National Securities Market Commission) website.