Distribuidora Internacional de Alimentación, S.A.

Annual Accounts
31 December 2015

Directors' Report
2015

(With Auditor's 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 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 annual accounts

We have audited the accompanying annual accounts of Distribuidora Internacional de Alimentación, S.A. (the “Company”), which comprise the balance sheet at 31 December 2015, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

Directors' responsibility for the annual accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they present fairly the equity, financial position and financial performance of Distribuidora Internacional de Alimentación, S.A. in accordance with the financial reporting framework applicable to the entity in Spain, specified in note 2 to the accompanying annual accounts, and for such internal control that they determine is necessary to enable the preparation of 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 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 annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 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.

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N.I.F. B-78510153

Opinion

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of Distribuidora Internacional de Alimentación, S.A. at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework and, in particular, with the accounting principles and criteria set forth therein.

Report on other legal and regulatory requirements

The accompanying directors' report for 2015 contains such explanations as the Directors consider relevant to the situation of the Company, its business performance and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2015. Our work as auditors is limited to the verification of the 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 the Company.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

Carlos Peregrina García

23 February 2016

Dia %

BALANCE SHEETS

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

BALANCE

for the years ended 31 December 2015 and 2014
(Expressed in thousands of Euros)

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

ASSETS	Notes	December 2015	December 2014
Intangible assets	5	**65,513**	**49,867**
Development		4,924	4,864
Concessions		266	298
Patents, licences, trademarks and similar rights		4,881	2,194
Goodwill		46,814	35,417
Computer software		6,331	4,447
Other intangible assets		2,297	2,647
Property, plant and equipment	6	**558,211**	**516,707**
Land and buildings		308,466	291,136
Technical installations, machinery, equipment, furniture and other items		242,469	219,613
Under construction and advances		7,276	5,958
Non-current investments in group companies and associates		**733,382**	**574,380**
Equity instruments	11	703,382	537,266
Loans to companies	12 (a)	30,000	37,114
Non-curent investments	12 (b)	**36,145**	**21,405**
Equity instruments		36	36
Loans to third parties		490	667
Other financial assets		35,619	20,702
Trade and other receivables		**44,087**	**32,910**
Trade receivables (exceeding operating cycle)	12 (c)	40,135	27,125
Non-current prepayments	14	3,952	5,785
Deferred tax assets	21	**112,306**	**129,561**
Total non-current assets		**1,549,644**	**1,324,830**
Inventories	13	**225,347**	**203,954**
Goods for resale		215,352	196,573
Raw materials and other supplies		7,411	6,309
Advances to suppliers		2,584	1,072
Trade and other receivables	12 (c)	**433,982**	**350,503**
Trade receivables - current		45,536	38,393
Trade receivables from group companies and associates		272,481	194,250
Other receivables		65,491	74,575
Personnel		703	791
Current tax assets		49,256	41,859
Public entities, other		515	635
Current investments in group companies and associates	12 (a)	**197,958**	**178,856**
Loans to companies		36,137	-
Other financial assets		161,821	178,856
Current investments	12 (b)	**963**	**3,176**
Loans		258	192
Derivatives		66	71
Other financial assets		639	2,913
Prepayments for current assets	14	**1,009**	**1,027**
Cash and cash equivalents	15	**25,521**	**11,239**
Cash		25,521	11,239
Total current assets		**884,780**	**748,755**
TOTAL ASSETS		**2,434,424**	**2,073,585**

The accompanying notes form an integral part of the annual accounts for 2015

BALANCE

for the years ended 31 December 2015 and 2014
(Expressed in thousands of Euros)

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

EQUITY AND LIABILITIES	Notes	December 2015	December 2014
Capital and reserves without valuation adjustments	16	**220.677**	**317.712**
Capital		**62.246**	**65.107**
Registered capital		62.246	65.107
Share premium	3 and 16	**-**	**618.157**
Reserves		**(16.630)**	**62.431**
Legal and statutory reserves		13.021	13.021
Other reserves		(29.651)	49.410
(Own shares)		**(53.561)**	**(58.864)**
Profit for the year		**216.975**	**(391.946)**
Other equity instruments		**11.647**	**22.827**
Valuation adjustments		**50**	**55**
Hedging transactions		50	55
Grants, donations and bequests received	17	**1.150**	**1.786**
Total equity		**221.877**	**319.553**
Non-current provisions	18	**32.448**	**63.969**
Long-term employee benefits		1.186	861
Other provisions		31.262	63.108
Non-current payables	20 (b)	**917.343**	**516.251**
Bonds and other securities		495.862	494.701
Debt with financial institutions		387.609	43
Finance lease payables	7	9.881	10.770
Other financial liabilities		23.991	10.737
Deferred tax liabilities	21	**26.772**	**34.045**
Total non-current liabilities		**976.563**	**614.265**
Current payables	20 (b)	**283.320**	**145.187**
Bonds and other securities		3.500	3.396
Debt with financial institutions		259.073	88.079
Finance lease payables	7	5.106	5.253
Other financial liabilities		15.641	48.459
Group companies and associates, current	20 (a)	**48.679**	**75.186**
Trade and other payables	20 (c)	**903.966**	**919.372**
Current suppliers		760.794	773.163
Suppliers, group companies and associates, current		8.122	19.103
Other payables		55.711	65.372
Personnel (salaries payable)		24.689	26.025
Public entities, other		53.664	35.709
Advances to customers		986	-
Current accruals		**19**	**22**
Total current liabilities		**1.235.984**	**1.139.767**
TOTAL EQUITY AND LIABILITIES		**2.434.424**	**2.073.585**

The accompanying notes form an integral part of the annual accounts for 2015

INCOME STATEMENTS

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

INCOME STATEMENTS

for the years ended 31 December 2015 and 2014
(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	December 2015	December 2014
Revenues	24 (a)	**4,551,735**	**4,086,368**
Sales		4,551,735	4,086,368
Work carried out by the company for assets		**5,401**	**5,000**
Supplies	24 (b)	**(3,637,985)**	**(3,106,148)**
Merchandise used		(3,586,806)	(3,088,469)
Raw materials and consumables used		(15,795)	(10,269)
Subcontracted work		(34,985)	(7,390)
Impairment of merchandise, raw materials and other supplies	13	(399)	(20)
Other operating income		**215,489**	**158,985**
Non-trading and other operating income		215,065	158,242
Operating grants taken to income	17	424	743
Personnel expenses		**(439,339)**	**(433,635)**
Salaries and wages		(352,545)	(347,047)
Employee benefits expense	24 (c)	(86,494)	(86,281)
Provisions		(300)	(307)
Other operating expenses		**(358,325)**	**(346,356)**
External services		(346,576)	(331,016)
Taxes		(8,804)	(8,952)
Losses, impariment and changes in trade provisions		(1,680)	(2,921)
Other operating expenses		(1,265)	(3,467)
Amortisation and depreciation	5 and 6	**(104,575)**	**(100,566)**
Non-financial and other capital grants	17	**821**	**775**
Impairment and gains/(losses) on disposal of fixed assets	5, 6 and 24 (d)	**(4,975)**	**(7,402)**
Impairment and losses		(1,085)	(3,442)
Gains/(losses) on disposal and other		(3,890)	(3,960)
Results form operating activities		**228,247**	**257,021**
Finance income		**77,304**	**13,149**
Dividends	11	**73,681**	**97**
Group companies and associates		73,681	97
Other investment income		**3,623**	**13,052**
Group companies and associates		1,112	7,415
Other		2,511	5,637
Finance expenses		**(17,989)**	**(35,506)**
Group companies and associates		(19)	(57)
Other		(17,575)	(33,439)
Provision adjustments		(395)	(2,010)
Variation on fair value of financial instruments		**274**	**-**
Trading portfolio and others		274	-
Exchange gains		**213**	**(1,076)**
Impairment and gains/(losses) on disposal of financial instruments		**(14,910)**	**(762,603)**
Impairment and losses	11 and 18 (b)	(14,930)	(41,882)
Gains/(losses) on disposal and other	11 and 24 (e)	20	(720,721)
Net finance income		**44,892**	**(786,036)**
Losses before income tax		**273,139**	**(529,015)**
Income tax	21	**(56,164)**	**137,069**
LOSSES FOR THE YEAR		**216,975**	**(391,946)**

The accompanying notes form an integral part of the annual accounts for 2015

STATEMENTS OF CHANGES IN EQUITY

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

Statements of Changes in Equity
for the years ended 31 December 2015 and 2014
A) Statements of Recognised Income and Expense
(expressed in thousands of Euros)

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

	December 2015	December 2014
Profit for the year	216,975	(391,946)
Income and expense recognised directly in equity		
Cash flow hedges	(7)	899
Grants, donations and bequets	-	52
Tax effect	2	(161)
Total income and expense recognised directly in equity	(5)	790
Amounts transferred to the income statement		
Grants, donations and bequests	(848)	(775)
Tax effect	212	233
Total amounts transferred to the income statement	(636)	(542)
Total recognised income and expense	216,334	(391,698)

The accompanying notes form an integral part of the annual accounts for 2015

Statements of Changes in Equity
for the years ended 31 December 2015 and 2014
B) Total Statements of Changes in Equity
(expressed in thousands of Euros)

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

	Registered capital	Share premium	Reserves	(Own shares)	Retained earnings	Profit for the year	Other equity instruments	Valutation adjustments	Grants, donations and bequests received	Total
Balance at 31 December 2013	**65,107**	**618,157**	**59,846**	**(23,319)**	**-**	**105,255**	**12,809**	**(820)**	**2,413**	**839,448**
Recognised income and expense	-	-	-	-	-	(391,946)	-	875	(627)	(391,698)
Transactions with equity holders or owners	-	-	611	(35,545)	-	-	10,018	-	-	(24,916)
Issuance of share-based payments	-	-	-	-	-	-	12,028	-	-	12,028
Transactions with own shares and equity holdings	-	-	611	(35,545)	-	-	(2,010)	-	-	(36,944)
Distribution of profit for the year	-	-	1,974	-	-	(105,255)	-	-	-	(103,281)
Transfer of profit for the previous year	-	-	-	-	105,255	(105,255)	-	-	-	-
Reserves	-	-	105,255	-	(105,255)	-	-	-	-	-
Dividends	-	-	(103,281)	-	-	-	-	-	-	(103,281)
Balance at 31 December 2014	**65,107**	**618,157**	**62,431**	**(58,864)**	**-**	**(391,946)**	**22,827**	**55**	**1,786**	**319,553**
Recognised income and expense	-	-	-	-	-	216,975	-	(5)	(636)	216,334
Transactions with equity holders or owners	(2,861)	(144,844)	(47,814)	5,303	-	-	(11,180)	-	-	(201,396)
Reduction Capital	(2,861)	(144,844)	(39,567)	187,272	-	-	-	-	-	-
Issuance of share-based payments	-	-	-	-	-	-	4,249	-	-	4,249
Transactions with own shares and equity holdings	-	-	(8,247)	(181,969)	-	-	(15,429)	-	-	(205,645)
Distibution of profit for the year	-	(473,313)	(31,247)	-	-	391,946	-	-	-	(112,614)
Transfer of profit for the previous year	-	-	-	-	(391,946)	391,946	-	-	-	-
Reserves	-	(473,313)	81,367	-	391,946	-	-	-	-	-
Dividends	-	-	(112,614)	-	-	-	-	-	-	(112,614)
Balance at 31 December 2015	**62,246**	**-**	**(16,630)**	**(53,561)**	**-**	**216,975**	**11,647**	**50**	**1,150**	**221,877**

The accompanying notes form an integral part of the annual accounts for 2015

STATEMENTS OF CASH FLOWS

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

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Statements of Cash Flows
for the years ended 31 December 2015 and 2014
(expressed in thousands of Euros)

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

	Notes	December 2015	December 2014
Cash flows from operating activities			
Profit for the year before tax		**273,139**	**(529,015)**
Adjustments for:		**28,736**	**914,744**
Amortisation and depreciation	5 and 6	104,575	100,566
Impairment		18,093	48,265
Changes in provisions		(35,828)	5,678
Grants recognised in the income statement	17	(848)	(1,000)
Gains on disposal of fixed assets	24 (d)	3,890	3,960
Gains/(losses) on disposal of financial instruments	24 (e)	(20)	720,721
Finance income		(77,304)	(13,149)
Finance expenses		17,989	35,506
Exchange losses		(212)	1,076
Changes in fair value of financial instruments		(279)	875
Other income and expenses		(1,320)	12,246
Changes in operating assets and liabilities		**(123,676)**	**(110,183)**
Inventories		(21,792)	(21,122)
Trade and other receivables		(213,225)	(86,536)
Other current assets	14	18	305
Trade and other payables		122,503	1,394
Provisions		-	(98)
Other current liabilities		(3)	(3)
Other non-current assets and liabilities	12 (c) and 14	(11,177)	(4,123)
Other cash flows from operating activities		**28,280**	**(65,808)**
Interest paid		(16,999)	(33,258)
Dividends received	11	73,681	97
Interest received		1,226	10,863
Income tax paid (received)		(29,628)	(43,510)
Cash flows from operating activities		**206,479**	**209,738**
Cash flows from investing activities			
Payments for investments		**(363,499)**	**(174,475)**
Group companies and associates	11	(181,046)	(25,927)
Intangible assets	5	(21,652)	(6,564)
Property, plant and equipment	6	(148,695)	(114,693)
Other financial assets	12 (b)	(12,106)	(2,007)
Non current held for sale assets	11	-	(25,284)
Proceeds from sale of investments		**3,647**	**454,811**
Group companies and associates	11	-	454,054
Intangible assets	5	9	-
Property, plant and equipment	6	3,638	647
Other financial assets		-	110
Cash flows from/(used in) investing activities		**(359,852)**	**280,336**
Cash flows from financing activities			
Proceeds from and payments for equity instruments		**(200,055)**	**(37,114)**
Acquisition of own equity instruments		(200,055)	(37,166)
Grants, donations and bequests received	17	-	52
Proceeds form and payments for financial liability intstruments		**480,324**	**(367,643)**
Issue		**611,244**	**550,258**
Bonds and other securities	20 (b)	1,265	498,097
Debt with financial institutions		609,979	37,166
Other payables		-	14,995
Redemption and repayment of		**(130,920)**	**(917,901)**
Debt with financial institutions		(53,050)	(767,305)
Group companies and associates		(58,306)	(150,596)
Other debts		(19,564)	-
Dividends and interest on other equity instruments paid		**(112,614)**	**(103,281)**
Dividends	16 (d)	(112,614)	(103,281)
Cash flows from/(used in) financing activities		**167,655**	**(508,038)**
Net increase/decrease in cash and cash equivalents		**14,282**	**(17,964)**
Cash and cash equivalents at beginning of year		**11,239**	**29,203**
Cash and cash equivalents at year end		**25,521**	**11,239**

The accompanying notes form an integral part of the annual accounts for 2015

NOTES TO THE ANNUAL ACCOUNTS FOR 2015

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

(1) Nature and Activities of the Company and Composition of the Group

Distribuidora Internacional de Alimentación, S.A. (hereinafter the Company or DIA) was incorporated as a public limited liability company (*sociedad anónima*) for an unlimited period under Spanish law on 24 June 1966, and 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, inter alia, 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 and CLAREL brand names. The Company opened its first establishment in Madrid in 1979.

The Company holds interests in subsidiaries. Consequently, in accordance with prevailing legislation, the Company is the Parent of a group of companies. Details of investments in Group companies are provided in note 11.

In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to give a true and fair view of the financial position of the Group, the results of operations and changes in its equity and cash flows.

On 23 February 2016 the directors of the Company prepared the consolidated annual accounts of Distribuidora Internacional de Alimentación, S.A. and subsidiaries for 2015 in accordance with the International Financial Reporting Standards endorsed by the European Union ("IFRS-EU") and other applicable financial reporting regulations. These consolidated accounts present consolidated profit attributable to the Parent of Euros 299,221 thousand and consolidated equity attributable to the Parent of Euros 313,243 thousand.

(2) Basis of Presentation

(a) True and fair view

The accompanying annual accounts have been prepared on the basis of the accounting records of Distribuidora Internacional de Alimentación, S.A. The annual accounts for 2015 have been prepared in accordance with prevailing legislation and the Spanish General Chart of Accounts to give a true and fair view of the equity and financial position at 31 December 2015 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the annual accounts for 2015, authorised for issue on 23 February 2016, will be approved with no changes by the shareholders at their ordinary general meeting.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2015 include comparative figures for 2014, which formed part of the annual accounts approved by shareholders at the ordinary general meeting held on 24 April 2015.

As permitted by the second final provision of Law 31/2014, which amended the third additional provision of Law 15/2010 of 5 July 2010, which in turn amended Law 3/2004 of 29 December 2004 containing measures to combat late payments in commercial transactions and specifically the requirement to disclose the average supplier payment period in the notes to the annual accounts, no comparative information has been presented in respect of this new obligation in this first year of application of the aforementioned standard (see note 20 (c)).

(c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency, rounded off to the nearest thousand.

(d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. 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 annual accounts, is as follows:

(i) Relevant accounting estimates and assumptions

The Company evaluates whether there are indications of possible impairment losses on investments in Group companies and non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. Impairment is calculated individually for each cash generating unit (CGU), as explained in notes 4 (d) and (f) viii, with each store representing a CGU. The Company tests goodwill for impairment on an annual basis. The calculation of the recoverable amount requires the use of estimates by management. The recoverable amount is the higher of fair value less costs to sell and value in use. The Company 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, the weighted average cost of capital and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment.

The Group assesses the recoverability of the deferred tax assets that should be recognised by the companies that make up the tax group based on the business plan of each subsidiary or, where applicable, of the business plan of the tax group to which the subsidiary belongs, and recognises, where applicable, 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, Company management must estimate the amounts of future taxable profits and the dates on which they are expected to materialise and the reversal period of temporary differences.

In 2014 the Company's shareholders at their general meeting approved the 2014-2016 long-term incentive plan to be settled in own shares. Beneficiaries were informed of the plan regulations during December 2014 and January 2015. The Company has estimated the total obligation derived from these plans and the part of this obligation accrued at 31 December 2015 based on the extent to which the conditions for receipt have been met.

The Company is undergoing tax inspections, some of which have been completed by the taxation authorities and additional tax assessments have been appealed by the Company at 31 December 2015. The Company 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, the directors use significant judgement when determining whether it is probable that the process will result in an outflow of resources embodying economic benefits and estimating the amount.

(e) Impact of standards approved in 2016

Pursuant to the first final provision of Audit Law 22/2015 of 20 July 2015, as of 1 January 2016 intangible assets, including goodwill, are assets with finite useful lives. If the useful life of intangible assets cannot be determined reliably, the assets shall be amortised over a period of ten years. In the absence of evidence to the contrary, the useful life of goodwill shall similarly be presumed to be ten years. As indicated in note 5, the Company has not recognised any intangible assets with indefinite useful lives, and goodwill amounts to Euros 46,814 thousand. As reflected in note 16 (b), the Company has recognised a goodwill reserve of Euros 12,829 thousand, which will be available to the extent that the reserve amount exceeds the carrying amount of goodwill. At the date of authorisation for issue of the annual accounts, the directors are assessing the accounting implications of the Law, and specifically of the estimate of the useful lives of the aforementioned assets, to determine the impact on the Company's equity balance. At the date of authorisation for issue of the annual accounts the Royal Decree implementing the Law and, where appropriate, regulating the transitional regime has not been issued.

(3) Distribution of profit and application of loss

The proposed distribution of profit for 2015 to be submitted to the shareholders for approval at their ordinary general meeting is as follows:

Basis of distribution	Euros
Balance of the Profit and Loss account	216,975,254.59
Total	**216,975,254.59**

Distribution	Euros
Dividends (*)	122,854,546.20
Goodwill reserve	2,340,690.06
Voluntary reserves	91,780,018.33
Total	**216,975,254.59**

(*) The directors have proposed that an ordinary dividend of Euros 0.20 (gross) be distributed for each of the shares with the corresponding economic rights. This figure is an estimate based on there being 614,272,731 shares that confer the right to receive this dividend, following any necessary corrections. This estimate may vary depending on several factors, including the volume of shares held by the Company.

The application of the loss for 2014, approved by the shareholders at the ordinary general meeting held on 24 April 2015, was as follows:

Basis of distribution	Euros
Share premium	473,313,487.24
Voluntary reserves	35,524,762.75
Total	**508,838,249.99**

Distribution	Euros
Compensation of the losses of year 2014	391,946,286.18
Dividends	112,613,906.70
Goodwill reserve	1,770,840.53
Voluntary reserves	2,507,216.58
Total	**508,838,249.99**

At 31 December non-distributable reserves (see note 16 (b)) are as follows:

	Thousands of Euros	
	2015	**2014**
Legal reserve	13,021	13,021
Goodwill reserve	12,829	11,058
Capital redemption reserve	5,688	2,827
Total	**31,538**	**26,906**

(4) Significant Accounting Policies

The significant accounting policies used by the Company in the preparation of the annual accounts are as follows:

(a) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated into Euros using the exchange rate prevailing at the transaction date.

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.

(b) Intangible assets

Intangible assets are measured at cost or cost of production. Capitalised production costs are recognised under self-constructed assets in the income statement. Intangible assets are carried at cost, less any accumulated amortisation and impairment.

Expenditure on activities that contribute to increasing the value of the Company's business as a whole, such as goodwill, trademarks and other similar items generated internally, as well as establishment costs, are recognised as expenses when incurred.

(i) Development

The Company capitalises development expenses incurred by specific projects for each activity – primarily computer software development – that meets the following conditions:

- Costs are clearly allocated, assigned and timed for each project.

- There is evidence of the project's technical success and economic-commercial feasibility.

Development expenditure is reclassified to computer software when the project is completed.

(ii) Business combinations and goodwill

The Company accounts for business combinations by applying the acquisition method. The acquisition date is the date on which the Company obtains control of the acquiree.

The consideration given for the business combination is determined at the acquisition date as the sum of the fair values of the assets transferred, the liabilities incurred or assumed, the equity interests issued and any contingent consideration that depends on future events or on certain conditions being met in exchange for control of the acquiree.

The consideration given excludes any payment that is not part of the exchange for the acquiree. Acquisition-related costs are recognised as expenses when incurred.

The amount by which the consideration given exceeds the net amount of the assets acquired and the liabilities assumed is recognised as goodwill. If, after evaluating the amount of the consideration given and identifying and assessing the fair value of the net assets acquired, a shortfall is identified, it is recognised as an expense.

Goodwill has been generated on the acquisitions of commercial establishments and is calculated as the difference between the price paid for the assets acquired and their fair value. Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) which are expected to benefit and the criteria described in section (d) (impairment) are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(iii) Computer software

Computer software acquired and produced by the Company, which comprises all the programs relating to terminals at points of sale, warehouses, offices and microcomputing, is recognised at cost of acquisition or production. Computer software maintenance costs are charged as expenses when incurred.

(iv) Leaseholds

Leaseholds are rights to lease business premises which have been acquired through an onerous contract assumed by the Company. Leaseholds are measured at cost of acquisition. Leaseholds are amortised on a straight-line basis over the shorter of 10 years or the term of the lease contract.

(v) Patents, licences, trademarks and similar rights

Industrial property comprises the trademarks acquired, which are amortised over 10 years, as well as the investment in business diagnostics and product range development, which is amortised over a period of four years.

(vi) Subsequent costs

Subsequent costs incurred on intangible assets are recognised in profit and loss, unless they increase the expected future economic benefits attributable to the intangible asset.

(vii) Useful life and amortisation rates

Intangible assets with finite useful lives are amortised on a straight-line basis using the following estimated useful lives:

Computer software	3
Leaseholds	10
Trademarks	10
Other intangible assets	Term of the agreement

The Company reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(viii) Impairment losses

The Company measures and determines impairment to be recognised or reversed based on the criteria in section (d) of this note.

(c) Property, plant and equipment

(i) ***Initial recognition***

Property, plant and equipment are measured at cost of acquisition or production. Capitalised production costs are recognised under self-constructed assets in the income statement. Property, plant and equipment are carried at cost less any accumulated depreciation and impairment.

Since the average period to carry out work on warehouses and stores does not exceed twelve months, there are no significant interest and other finance charges that are considered as an increase in property, plant and equipment.

Non-current investments in property held by the Company under operating leases are classified as property, plant and equipment. Assets are depreciated over the shorter of the lease term and their useful life.

Items of property, plant and equipment recognised prior to 31 December 1996 are carried at a revalued amount as permitted by pertinent legislation.

(ii) ***Depreciation***

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Property, plant and equipment are depreciated on a straight-line basis using the following estimated useful lives:

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

The Company reviews estimated residual values and depreciation methods and terms at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(iii) ***Subsequent costs***

Subsequent to initial recognition of the asset, only the costs incurred which increase capacity or productivity or which lengthen the useful life of the asset are capitalised. The carrying amount of parts that are replaced is derecognised. Costs of day-to-day servicing are recognised in profit and loss as incurred.

(iv) ***Impairment***

The Company measures and determines impairment to be recognised or reversed based on the criteria in section (d) of this note.

(d) Impairment of non-financial assets subject to amortisation or depreciation

The Company 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. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Based on past experience, the Company considers that there are indications of impairment when adjusted EBITDA (taken to mean earnings before depreciation/amortisation and impairment, gains/losses on disposal of fixed assets and other non-recurring income and expense) of a mature store (one that has been in operation for more than two years) have been negative for more than two years. All stores are tested for impairment that have impairment recognised that is pending reversal.

The Company tests goodwill for impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

Impairment losses are recognised in profit or loss.

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 to which the asset belongs.

Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other non-current assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs to sell, its value in use and zero.

At the end of each reporting period the Company assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in the income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

A reversal of an impairment loss for a CGU is allocated to the non-current assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

After an impairment loss or reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods based on its new carrying amount.

However, if the specific circumstances of the assets indicate an irreversible loss, this is recognised directly in losses on the disposal of fixed assets in the income statement.

(e) Leases

(i) Lessor accounting records

The Company has granted the right to use certain spaces within the DIA commercial establishments to concessionaires and leased establishments to franchisees through lease contracts. The risks and rewards incidental to ownership are not substantially transferred to third parties under these contracts.

- ***Operating leases***

Assets leased to concessionaires under operating lease contracts are presented according to their nature, applying the accounting policies set out in section (c) of this note.

Operating lease income, net of incentives granted, is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefits deriving from the leased asset are diminished.

(ii) ***Lessee accounting records***

The Company has rights to use certain assets through lease contracts.

Leases in which the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

- ***Finance leases***

At the commencement of the lease term, the Company recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method.

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

The accounting policies applied to the assets used by the Company by virtue of finance lease contracts are the same as those set out in section (c) of this note. However, if there is no reasonable certainty at the commencement of the lease that the Company will obtain ownership by the end of the lease term, the assets are fully depreciated over the shorter of the lease term and their useful lives.

- ***Operating leases***

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

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

(iii) ***Sale and leaseback transactions***

Asset sale and leaseback 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.

(f) Financial instruments

(i) ***Classification and separation of financial instruments***

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments into different categories based on the nature of the instruments and the Company's intentions on initial recognition.

(ii) ***Offsetting principles***

A financial asset and a financial liability are offset only when the Company has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

After initial recognition, they are recognised at fair value through profit or loss. Fair value is not reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

(iv) Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(v) Investments in Group companies

Group companies are those over which the Company, either directly, or indirectly through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce, or when the companies are controlled by one or more individuals or entities acting jointly or under the same management through agreements or statutory clauses.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Company or other entities that are exercisable or convertible at the end of each reporting period are considered.

Investments in Group companies, associates and jointly controlled entities are initially recognised at cost, which is equivalent to the fair value of the consideration given. The cost of investments in Group companies acquired before 1 January 2010 includes any transaction costs incurred.

If an investment no longer qualifies for classification under this category, it is reclassified as available-for-sale and is measured as such from the reclassification date.

(vi) Interest and dividends

Interest is recognised using the effective interest method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investee since acquisition have been distributed, the carrying amount of the investment is reduced.

(vii) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in recognised income and expense, is recorded in profit or loss.

(viii) Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises impairment of loans and receivables when a reduction or delay is incurred in the estimated future cash flows, due to debtor insolvency.

- ***Impairment of financial assets carried at amortised cost***

The amount of the impairment loss of financial assets carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For variable income financial assets, the effective interest rate corresponding to the measurement date under the contractual conditions is used. For held-to-maturity debt instruments the Company uses the market value, providing this is sufficiently reliable to be considered representative of the recoverable amount.

The impairment loss is recognised in profit and loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognised. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised.

- ***Impairment of investments in Group companies and equity instruments carried at cost***

An asset is impaired when its carrying amount exceeds its recoverable amount, the latter of which is understood as the higher of the asset's value in use and fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset, or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment.

The recognition or reversal of an impairment loss is disclosed in the income statement unless it should be recognised in equity in accordance with sub-section (v) Investments in Group companies.

Nonetheless, and in certain cases, unless better evidence of the recoverable amount of the investment is available, when estimating impairment of these types of assets, the investee's equity is taken into consideration, adjusted, where appropriate, to generally accepted accounting principles and standards in Spain, corrected for any net unrealised gains existing at the measurement date.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

Impairment of an investment is limited to the amount of the investment, except when contractual, legal or constructive obligations have been assumed by the Company or payments have been made on behalf of the companies. In the latter case, provision is made according to the criteria described in section (o) Provisions.

- ***Recognition of finance income related to impaired financial assets***

Finance income from impaired financial assets is recognised based on the discount rate used to discount estimated future cash flows.

(ix) ***Financial liabilities***

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit or loss are initially recognised at fair value less any transaction costs directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

A financial liability, or part of a financial liability, is derecognised when the Company either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

(x) ***Reverse factoring***

The Company 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 payables advanced by financial institutions under trade and other payables in the balance sheet until they are settled, repaid or have expired.

The consideration given in exchange for the right to finance the customers of the Company is recorded in other operating income when accrued.

(xi) ***Security deposits***

Security deposits extended in sublease contracts are measured at nominal amount, since the effect of discounting is immaterial.

Security deposits 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 profit or loss over the lease term.

(g) Hedge accounting

At the inception of the hedge the Company formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.

For cash flow hedges of forecast transactions, the Company assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.

(i) ***Fair value hedges***

Fair value hedges are accounted for as follows:

- The gain or loss from measuring the hedging instrument at fair value, for a derivative hedging instrument, or the foreign currency component of a monetary item for a non-derivative hedging instrument is recognised in the same profit or loss caption as the gain or loss on the hedged operation.

- The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit or loss. This applies irrespective of whether the hedged item is measured at cost or if it is an available-for-sale financial asset.

If the hedged item is a financial instrument measured at amortised cost, the Company amortises the adjustment to profit and loss as soon as the item ceases to be hedged, and recalculates the effective interest rate at the date amortisation begins.

The Company prospectively discontinues the accounting of fair value hedges when the hedging instrument expires, is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation.

(ii) Cash flow hedges

The Company recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in recognised income and expense. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised under change in fair value of financial instruments.

The separate component of equity associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from inception of the hedge. However, if the Company expects that all or a portion of a loss recognised in equity will not be recovered in one or more future periods, it reclassifies into change in fair value of financial instruments the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in equity are reclassified from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss and under the same caption of the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the Company reclassifies the associated gains and losses that were recognised in equity and includes them in the initial cost or carrying amount of the non-financial asset or liability.

The Company prospectively discontinues hedge accounting if the foreseen circumstances affecting fair value hedges arise. In these cases, the cumulative gain or loss on the hedging instrument that has been recognised in equity is not recorded in profit or loss until the forecast transaction occurs. If the transaction is no longer expected to occur, the cumulative gain or loss that had been recognised in equity is reclassified from equity to profit or loss as change in fair value of financial instruments.

(h) Own equity instruments held by the Company

Equity instruments acquired by the Company are shown separately at cost of acquisition as a reduction in capital and reserves in the balance sheet. Any gains or losses on transactions with own equity instruments are not recognised in profit or loss.

The subsequent redemption of the 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 deduction from reserves, net of any tax effect.

Dividends relating to equity instruments are recognised as a reduction in equity when approved by the shareholders.

Contracts that oblige the Company to acquire own equity instruments 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 Company does not ultimately exercise the contract, the carrying amount of the financial liability is reclassified to reserves.

(i) Inventories

Inventories are initially measured at cost of purchase.

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 and other costs directly attributable to the acquisition and indirect taxes not recoverable from the Spanish taxation authorities.

Trade discounts are recognised as a reduction in the cost of inventories when it is probable that the conditions for discounts to be received will be met. Any unallocated discounts are used to reduce the balance of supplies on the 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.

When cost exceeds net realisable value, inventories are written down to net realisable value, which is understood to be estimated selling price less costs to sell in the case of merchandise.

The previously recognised write-down is reversed against profit and loss when the circumstances that had caused the 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 supplies.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

In the statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents. Bank overdrafts are recognised in the balance sheet as financial liabilities arising from loans and borrowings.

(k) Grants, donations and bequests

Grants, donations and bequests are recorded in recognised income and expense 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 received are accounted for at fair value.

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.

Grants related to non-depreciable assets are recognised as income when the assets acquired using the grant are disposed of, derecognised or impaired.

An amount equivalent to the impairment of the subsidised part of the asset is recognised as an irrecoverable loss of the asset directly against its carrying amount.

(l) Defined benefit plans

The Company 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 balance sheet reflect the present value of obligations at the reporting date, minus the fair value at that date of plan assets, minus any past service cost not yet recognised. The Company records actuarial gains and losses in recognised income and expense for the year in which they arise.

In the event that the result of the operations described in the section above is negative, i.e. it results in an asset, the Company measures the resulting asset at the total of unrecognised past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Company therefore immediately recognises any past service cost of the current year to the extent that it exceeds any reduction in the present value of the economic benefits specified above. If there is no change or an increase in the present value of the economic benefits, the entire past service cost of the current year is recognised immediately. The present value of defined benefit obligations, the related current service cost and past service cost are calculated annually by independent actuaries using the Projected Unit Credit Method.

The discount rate 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.

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.

(m) Termination benefits

Termination benefits are recognised as a liability when the Company has a detailed formal plan for the termination and there is a valid expectation among the affected employees that termination will arise either because the plan has already started to be implemented or because its main characteristics have been published.

(n) Employee benefits

The Company recognises the expected cost of 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.

The Company recognises the expected cost of profit-sharing and bonus plans when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(o) Provisions

(i) General criteria

Provisions are recognised when the Company has a present obligation (legal, contractual, constructive or tacit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of provisions is recognised as a finance cost in the income statement.

The tax effect and gains on the expected disposal of assets are not taken into account in measuring a provision.

Rights to reimbursement from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that there is no doubt that the reimbursement will be received. The reimbursement is recognised as income in the income statement based on the nature of the expenditure up to the amount of the provision.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

(ii) Provisions for taxes

Provisions for taxes are measured at the estimated amount of tax debt calculated in accordance with the aforementioned criteria.

Provision is made with a charge to income tax for the tax expense for the year, to finance costs for the late payment interest, and to other income for the penalty. The effects of changes in estimates of prior years' provisions are recognised according to their nature, unless they involve the correction of an error.

(p) Revenue from the sale of goods

Revenue from the sale of goods 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.

However, the Company includes interest incorporated in trade balances maturing in less than one year that do not have a contractual rate of interest, when the effect of not discounting future receipts is not material.

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

Advances on account of future sales are measured at the value received.

- Revenue from sales

The Company 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 Company; and

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company 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.

(q) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

Government assistance provided in the form of deductions and other tax relief applicable to income tax payable and considered as government grants is recognised applying the criteria described in section (k) Grants, donations and bequests.

At 31 December 2015 the Company files consolidated tax returns with its subsidiaries Twins Alimentación, S.A., Pe-Tra Servicios a la Distribución, S.L., Schlecker, S.A., Grupo El Árbol, Distribución y Supermercados S.A. and Compañía Gallega de Supermercados S.A., under the special consolidated tax regime set forth in Chapter VI of Title VII of Corporate Income Tax Law 27/2014, of 27 November 2014 (see note 21).

(i) Taxable temporary differences

Taxable temporary differences are recognised in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

(ii) Deductible temporary differences

Deductible temporary differences are recognised provided that it is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

Tax planning opportunities are only considered when assessing the recoverability of deferred tax assets and if the Company intends to use these opportunities or it is probable that they will be utilised.

In the absence of evidence to the contrary, it is not considered probable that the Company will have future taxable profit when the deferred tax assets are expected to be recovered in a period of more than ten years from the end of the reporting period, irrespective of the nature of the deferred tax asset; or, in the case of tax credits for deductions and other tax relief that are unused due to an insufficient amount of total tax, when there is reasonable doubt – after the activity or the income giving rise to entitlement to the deduction or tax credit has been rendered or received, respectively – as to whether the requirements for their offset will be met.

The Company only recognises deferred tax assets arising from tax loss carry forwards when it is probable that future taxable profit will be generated against which they may be offset within the period stipulated in applicable tax legislation, up to a maximum period of ten years, unless there is evidence that their recovery in a longer period of time is probable and tax legislation provides for their utilisation in a longer period or stipulates no time limit for their utilisation.

Conversely, it is considered probable that the Company will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

The Company recognises deferred tax assets not previously recognised because they were not expected to be utilised within the ten-year recovery period, inasmuch as the future reversal period does not exceed ten years from the end of the reporting period or when there are sufficient taxable temporary differences.

(iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

For these purposes, the Company has considered the deduction for reversal of the temporary measures provided in transitional provision thirty-seven of Income Tax Law 27/2014 of 27 November 2014 as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisation and depreciation charges in 2013 and 2014.

(iv) Offset and classification

The Company only offsets current tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(r) Share-based payment transactions

The Company 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 Company 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 Company employees or third parties that supply similar services are measured by reference to the fair value of the equity instruments granted.

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

Share-based 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 Company 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 Company 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 Company 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, though this does not affect the corresponding reclassifications in equity.

(ii) *Tax effect*

In accordance with prevailing tax legislation, 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.

(s) Classification of assets and liabilities as current and non-current

The Company classifies assets and liabilities in the balance sheet 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 Company'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 Company'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 Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the annual accounts are authorised for issue.

(t) Environmental issues

The Company 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 Company recognises environmental provisions if necessary.

(u) Transactions between Group companies

Transactions between Group companies, except those related to business combinations, mergers, spin-offs and non-monetary contributions from businesses mentioned in the previous sections, are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

(5) Intangible Assets

Details of intangible assets, excluding goodwill, and movement are as follows:

	Thousands of Euros					
	Development	Concessions	Patents, licences, trademarks and similar rights	Computer software	Other intangible assets	Total
Cost						
At 1 January 2015	**4,864**	**569**	**3,076**	**20,538**	**9,840**	**38,887**
Additions	4,769	-	1,261	4,114	111	10,255
Disposals	(8)	-	-	-	(9)	(17)
Transfers	(4,701)	-	2,811	1,890	-	-
At 31 December 2015	**4,924**	**569**	**7,148**	**26,542**	**9,942**	**49,125**
Amortisation						
At 1 January 2015	**-**	**(271)**	**(882)**	**(16,091)**	**(7,102)**	**(24,346)**
Amortisation	-	(32)	(1,385)	(4,120)	(349)	(5,886)
Disposals	-	-	-	-	7	7
At 31 December 2015	**-**	**(303)**	**(2,267)**	**(20,211)**	**(7,444)**	**(30,225)**
Impairment						
At 1 January 2015	**-**	**-**	**-**	**-**	**(91)**	**(91)**
Charge	-	-	-	-	(110)	(110)
At 31 December 2015	**-**	**-**	**-**	**-**	**(201)**	**(201)**
Carrying amount at 31 December 2015	**4,924**	**266**	**4,881**	**6,331**	**2,297**	**18,699**

	Thousands of Euros					
	Development	Concessions	Patents, licences, trademarks and similar rights	Computer software	Other intangible assets	Total
Cost						
At 1 January 2014	**1,119**	**569**	**3,076**	**24,756**	**9,725**	**39,245**
Additions	5,433	-	-	1,011	120	6,564
Disposals	(1,034)	-	-	(5,883)	(12)	(6,929)
Transfers	(654)	-	-	654	7	7
At 31 December 2014	**4,864**	**569**	**3,076**	**20,538**	**9,840**	**38,887**
Amortisation						
At 1 January 2014	**-**	**(239)**	**(587)**	**(17,991)**	**(6,705)**	**(25,522)**
Amortisation	-	(32)	(295)	(3,983)	(409)	(4,719)
Disposals	-	-	-	5,883	12	5,895
At 31 December 2014	**-**	**(271)**	**(882)**	**(16,091)**	**(7,102)**	**(24,346)**
Impairment						
At 1 January 2014	**-**	**-**	**-**	**-**	**(160)**	**(160)**
Charge	-	-	-	-	(40)	(40)
Reversal	-	-	-	-	109	109
At 31 December 2014	**-**	**-**	**-**	**-**	**(91)**	**(91)**
Carrying amount at 31 December 2014	**4,864**	**298**	**2,194**	**4,447**	**2,647**	**14,450**

Additions to development in 2015 and 2014 comprise IT projects generated in-house and the investment in product range development. Additions and transfers to patents, licences, trademarks and similar rights reflect the investment in business diagnostics and product range development. The

Company has also acquired computer software amounting to Euros 4,114 thousand and Euros 1,011 thousand, respectively, in 2015 and 2014.

IT projects developed internally for DIA France were derecognised from development in 2014 following the sale of that company, resulting in a loss of Euros 1,034 thousand. The computer software disposed of by the Company in 2014 was no longer in use and had a carrying amount of zero.

Transfers from development to computer software in both years have included all internally developed computer software that has entered into use in the Company.

(a) Goodwill and impairment

Details of and movement in goodwill are as follows:

	Thousands of Euros	
	2015	**2014**
Cost		
At 1 January	**36,406**	**36,434**
Additions	11,397	-
Disposals	(50)	(28)
At 31 December	**47,753**	**36,406**
Impairment		
At 1 January	**(989)**	**(504)**
Charge	-	(512)
Disposals	50	27
At 31 December	**(939)**	**(989)**
Carrying amount at 31 December	**46,814**	**35,417**

On 4 November 2014 the Company signed a framework agreement (hereinafter the Transaction) with Cecosa Supermercados, S.L., Supermercados Picabo, S.L. and Caprabo, S.A., all companies from the Eroski Group, to acquire assets relating to a maximum of 160 supermarkets that were operating under the Eroski Center, Eroski City and Caprabo brands. At the end of 2014, completion of the Transaction was subject to authorisation being obtained from the Spanish competition authorities, as well as compliance with other terms and conditions usually applicable to this type of acquisition. The agreed maximum price was Euros 146 million and was subject to potential adjustments, depending on the number of establishments finally acquired.

On 9 April 2015 the National Markets and Competition Commission approved the Transaction subject solely to DIA's assumption of several commitments, previously proposed by DIA, related to the obligation to divest three stores, two of which are owned by the Eroski Group and one by the DIA Group. The Company agreed to assume these commitments. On 17 April 2015 the closing document was signed, which established an initial transaction scope of 144 establishments at a price of Euros 135,348 thousand, the effective acquisition of which took place gradually over the following four months. On 28 July 2015 the transfer of these 144 establishments was completed and on 7 August 2015 an addendum was signed to the framework agreement whereby the transaction scope was finally fixed at 147 establishments for a total price of Euros 140,548 thousand.

At 31 December 2015 the DIA Group has paid a total of Euros 140,548 thousand for the transfer of 147 establishments, of which 48 have been acquired by the Company. Stores were transferred on a weekly basis by each of the selling companies to the two DIA Group companies acquiring them, namely the Company and Grupo El Árbol, Distribución y Supermercados, S.A. The difference between the price paid by each of the acquiring companies at the time of receiving each establishment and the fair value of the identifiable net assets acquired of each store has been recognised as goodwill totalling Euros 94,244 thousand. Euros 11,134 thousand of this goodwill is recognised by the Company.

As detailed in notes 2 (d) (i) and 4 (d), the Company tests the goodwill allocated to the cash-generating units (CGUs) for impairment on an annual basis.

The assumptions employed are detailed in note 11. No impairment was recognised in 2015 while impairment of Euros 512 thousand was recognised in 2014.

In all cases a sensitivity analysis is performed in relation to the discount rate used and the growth rate of perpetual cash flows, to verify that reasonable changes in these assumptions will not have an impact on the possible recovery of the goodwill recognised; specifically, a variation of 200 basis points in the discount rate used, a 0% growth rate for perpetual income, a downward variation in the EBITDA margin by 20 basis points or a 1% decrease in the average growth rate of sales would not require the recognition of impairment on any of the goodwill recognised.

(b) Fully depreciated assets

The cost of fully amortised intangible assets in use at 31 December is as follows:

	Thousands of Euros	
	2015	2014
Computer software	13,671	11,766
Other intengible assets	5,177	4,119
Total	**18,848**	**15,885**

(6) Property, Plant and Equipment

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

Thousands of Euros	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other property, plant and equipment	Total
Cost							
At 1 January 2015	**67,511**	**591,412**	**755,376**	**30,612**	**5,958**	**59,860**	**1,510,729**
Additions	190	27,469	82,277	7,681	15,096	3,743	136,456
Additions to the company	3,889	3,332	5,018	-	-	-	12,239
Disposals	(313)	(8,977)	(22,406)	(6,101)	(200)	(954)	(38,951)
Transfers	(13)	11,871	1,623	25	(13,578)	72	-
At 31 December 2015	**71,264**	**625,107**	**821,888**	**32,217**	**7,276**	**62,721**	**1,620,473**
Depreciation							
At 1 January 2015	**-**	**(363,932)**	**(551,040)**	**(20,941)**	**-**	**(52,682)**	**(988,595)**
Depreciation	-	(27,016)	(62,519)	(5,126)	-	(4,028)	(98,689)
Disposals	-	7,060	16,847	5,818	-	940	30,665
Transfers	-	(64)	(9)	-	-	-	(73)
At 31 December 2015	**-**	**(383,952)**	**(596,721)**	**(20,249)**	**-**	**(55,770)**	**(1,056,692)**
Impairment							
At 1 January 2015	**-**	**(3,855)**	**(1,572)**	**-**	**-**	**-**	**(5,427)**
Charge	-	(1,042)	(555)	-	-	-	(1,597)
Disposals	-	505	254	-	-	-	759
Reversal	-	424	198	-	-	-	622
Transfers	-	15	58	-	-	-	73
At 31 December 2015	**-**	**(3,953)**	**(1,617)**	**-**	**-**	**-**	**(5,570)**
Carrying amount at 31 December 2015	**71,264**	**237,202**	**223,550**	**11,968**	**7,276**	**6,951**	**558,211**

Thousands of Euros	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other property, plant and equipment	Total
Cost							
At 1 January 2014	**67,511**	**567,519**	**698,981**	**32,034**	**2,916**	**58,145**	**1,427,106**
Additions	2	29,173	68,805	3,995	9,274	3,444	114,693
Disposals	-	(6,815)	(16,880)	(5,410)	(141)	(1,817)	(31,063)
Transfers	(2)	1,535	4,470	(7)	(6,091)	88	(7)
At 31 December 2014	**67,511**	**591,412**	**755,376**	**30,612**	**5,958**	**59,860**	**1,510,729**
Depreciation							
At 1 January 2014	**-**	**(344,135)**	**(503,708)**	**(20,584)**	**-**	**(50,782)**	**(919,209)**
Depreciation	-	(25,503)	(61,035)	(5,598)	-	(3,711)	(95,847)
Disposals	-	5,780	13,773	5,234	-	1,807	26,594
Transfers	-	(74)	(70)	7	-	4	(133)
At 31 December 2014	**-**	**(363,932)**	**(551,040)**	**(20,941)**	**-**	**(52,682)**	**(988,595)**
Impairment							
At 1 January 2014	**-**	**(2,600)**	**(858)**	**-**	**-**	**-**	**(3,458)**
Charge	-	(2,817)	(1,135)	-	-	-	(3,952)
Disposals	-	621	276	-	-	-	897
Reversal	-	762	191	-	-	-	953
Transfers	-	179	(46)	-	-	-	133
At 31 December 2014	**-**	**(3,855)**	**(1,572)**	**-**	**-**	**-**	**(5,427)**
Carrying amount at 31 December 2014	**67,511**	**223,625**	**202,764**	**9,671**	**5,958**	**7,178**	**516,707**

(a) General

Additions and business combinations in 2015 include the acquisition and remodelling of the 48 establishments purchased from the Eroski Group (see note 5 (a)). Store formats have also been changed to adapt them to the new DIA designs and improvements and reforms in general have been carried out. Details of the technical installations and machinery classified as finance leases at 31 December 2015 and 2014 are provided in note 7.

Disposals include the items replaced in the aforementioned improvement processes and those resulting from closures of stores, giving rise to losses of Euros 3,889 thousand in 2015 and Euros 2,924 thousand in 2014 (see note 24 (d)).

In both years the Company recognised impairment losses for the CGUs which in accordance with the Company's accounting policies presented indications of impairment. Consequently, the Company has recognised impairment losses of Euros 975 thousand in 2015 and Euros 2,999 thousand in 2014 on assets of certain CGUs measured at value in use (see note 24 (d)). The assumptions employed are detailed in note 11.

Details of residual useful life, depreciation for the year, accumulated depreciation and the carrying amount of individually significant items of property, plant and equipment at 31 December 2015 and 2014 are as follows:

	Thousands of Euros			
	2015			
Description	Residual useful life	Depreciation for the year	Accumulated depreciation	Carrying amount
Warehouse land	-	-	-	22,579
Warehouse buildings	28-33 years	(1,433)	(18,147)	34,413
Total		**(1,433)**	**(18,147)**	**56,992**

	Thousands of Euros			
	2014			
Description	Residual useful life	Depreciation for the year	Accumulated depreciation	Carrying amount
Warehouse land	-	-	-	22,579
Warehouse buildings	29-34 years	(1,488)	(16,714)	33,508
Total		**(1,488)**	**(16,714)**	**56,087**

(b) Fully depreciated assets

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

	Thousands of Euros	
	2015	2014
Buildings	192,197	177,388
Technical installations and machinery	403,577	337,814
Other installations, equipment and furniture	9,517	8,483
Other property, plant and equipment	47,950	45,507
Total	**653,241**	**569,192**

(c) Insurance

The Company 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.

(7) Finance Leases - Lessee

At 31 December 2015 and 2014 the Company leased the following types of property, plant and equipment under finance leases:

	Thousands of Euros		
	2015		
	Technical installations and machinery	Other installations, equipment and furniture	Total
Initially recognised at:			
Fair value	26,905	4	26,909
Accumulated depreciation	(10,700)	(1)	(10,701)
Carrying amount at 31 December	**16,205**	**3**	**16,208**

	Thousands of Euros		
	2014		
	Technical installations and machinery	Other installations, equipment and furniture	Total
Initially recognised at:			
Fair value	24,409	7	24,416
Accumulated depreciation	(7,559)	(1)	(7,560)
Carrying amount at 31 December	**16,850**	**6**	**16,856**

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

	Thousands of Euros	
	2015	2014
Future minimum payments	18,163	19,194
Unaccrued finance expenses	(3,176)	(3,171)
Present value	**14,987**	**16,023**

Details of minimum payments and the present value of finance lease liabilities, by maturity date, are as follows:

	Thousands of Euros			
	2015		2014	
	Minimum payments	Present value (note 20(b))	Minimum payments	Present value (note 20(b))
Less than one year	6,123	5,106	6,198	5,253
Two to five years	11,915	9,781	12,799	10,614
Over five years	125	100	197	156
Total minimum payments and present val	**18,163**	**14,987**	**19,194**	**16,023**
Less current portion	(6,123)	(5,106)	(6,198)	(5,253)
Total non-current	**12,040**	**9,881**	**12,996**	**10,770**

Finance lease liabilities are effectively secured. The rights to the leased assets revert to the lessor in the event of default.

(8) Operating Leases - Lessee

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

The main operating lease contracts comprise the rental of business premises at which the Company carries out its principal activity, and certain warehouses.

Details of the main operating lease contracts in force at 31 December 2015 are as follows:

Almacén	Plazo mínimo
Miranda de Ebro (Burgos)	2016
Getafe (Madrid)	2017
Manises (Valencia)	2018
Mejorada del Campo (Madrid)	2018
Tarragona	2018
Villanubla (Valladolid)	2019
Sabadell (Barcelona)	2022
San Antonio (Barcelona)	2023
Mallén (Zaragoza)	2023
Orihuela (Alicante)	2023
Villanueva de Gállego	2023

The amounts of purchase options are determined by when the Company decides to exercise them.

Operating lease payments have been recognised as income and expenses for 2015 and 2014 as follows:

	Thousands of Euros	
	2015	2014
Minimum property lease payments	145,974	140,907
Minimum movable goods lease payments	2,289	2,713
Sublease payments	(1,641)	(1,852)
Total	**146,622**	**141,768**

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

	Thousands of Euros	
	2015	2014
Less than one year	50,730	48,396
Two to five years	44,729	41,994
Over five years	20,501	19,967
Total	**115,960**	**110,357**

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

	Thousands of Euros	
	2015	2014
Less than one year	4,047	3,334
Two to five years	3,830	2,277
Over five years	2	-
Total	**7,879**	**5,611**

(9) Operating Leases - Lessor

Operating lease contracts have been arranged to sub-let premises to concessionaires to carry out activities and in turn improve the Company's commercial offerings to its customers, as well as to lease Company-owned premises and transfer the rights to use certain assets to franchisees. None of these contracts are significant.

(10) Risk Management Policy

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

The Company'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 for each risk type is as follows:

a) Financial risk factors

The Company'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 Company's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. The Company uses derivatives to mitigate certain risks.

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

b) Currency risk

The Company 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, the Company uses forward currency contracts negotiated by the Finance Department.

In 2015 and 2014 the Company only made non-recurrent transactions in US Dollars, for which it took out exchange rate insurance.

Hedging transactions carried out in US Dollars during 2015, mainly purchases, amounted to US Dollars 5,359 thousand (US Dollars 5,862 thousand in 2014), representing 98.38% of transactions in this currency (99.99% in 2014). At the 2015 reporting date, outstanding hedges in this currency total US Dollars 1,284 thousand (US Dollars 1,549 thousand in 2014) and expire in the following 11 months. These transactions are not significant with respect to the Company's total volume of purchases. No transactions were carried out in any other currency in 2015 or 2014.

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

c) Price risk

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

d) Credit risk

The Company is not significantly exposed to credit risk. The Company 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 Company has policies to limit the amount of risk with any one financial institution.

Details of the Company's exposure to credit risk at 31 December 2015 and 2014 are shown below. The tables below reflect the analysis of financial assets by contracted maturity:

Thousands of Euros	Maturity	2015
Loans to group companies	2017	30,000
Loans to third parties	2017-2019	196
Loans to personnel	2017-2019	294
Deposits and guarantees	per contract	35,619
Trade receivables > 1 year	2017-2031	40,135
Non-current financial assets		**106,244**
Trade receivables	2016	45,536
Trade receivables from group companies and associates	2016	272,481
Other receivables	2016	65,491
Personnel	2016	703
Loans to group companies	2016	36,137
Current account with group companies	2016	161,821
Loans	2016	258
Other financial assets	2016	639
Current financial assets		**583,066**

Thousands of Euros	Maturity	2014
Loans to group companies	2016	37,114
Loans to third parties	2016-2019	259
Loans to personnel	2016-2018	408
Deposits and guarantees	per contract	20,702
Trade receivables > 1 year	2016-2030	27,125
Non-current financial assets		**85,608**
Trade receivables	2015	38,393
Trade receivables from group companies and associates	2015	194,250
Other receivables	2015	74,575
Personnel	2015	791
Current account with group companies	2015	178,856
Loans	2015	192
Other financial assets	2015	2,913
Current financial assets		**489,970**

The returns on these financial assets totalled Euros 3,501 thousand in 2015 and Euros 9,589 thousand in 2014.

Details of non-current and current trade and other receivables by maturity in 2015 and 2014 are as follows:

	Thousands of Euros			
Non-current	**Total**	**1 - 2 years**	**3 - 5 years**	**> 5 years**
31 December 2015	**40,135**	11,906	20,904	7,325
31 December 2014	**27,125**	9,192	14,645	3,288

	Thousands of Euros				
Current	**Total**	**Not expired**	**Less than 1 month**	**2-3 months**	**4-6 months**
31 December 2015	**433,982**	398,961	2,487	32,417	117
31 December 2014	**350,503**	321,722	2,377	26,109	295

As a general policy and on the basis of past experience, the Company recognises an impairment loss for the entire amount of any outstanding receivable past due by over six months or earlier if it has evidence of its uncollectibility.

e) Liquidity risk

The Company 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 Company's Finance Department aims to be flexible with regard to financing through drawdowns on contracted credit facilities.

Details of the Company's exposure to liquidity risk at 31 December 2015 and 2014 are shown below. The tables below reflect the analysis of financial liabilities by contracted maturity:

Thousands of Euros	Maturity	2015
Bonds and other securities	2019	495,862
Debt with financial institutions		387,609
Syndicated credits (Revolving credit facilities)	2018	297,580
Other debts with credit entities	2017-2018	90,029
Finance lease payables	2022	9,881
Guarantees and deposits received	per contract	7,391
Other non current liabilities	2019	16,600
Total non-current financial liabilities		**917,343**
Bonds and other securities	2016	3,500
Debt with financial institutions		259,073
Credit facilities drawn down	2016	126,119
Interests	2016	*595*
Other debts with credit entities	2016	*90,000*
Other current liabilities	2016	*42,359*
Finance lease payables	2016	5,106
Suppliers of fixed assets	2016	9,253
Bills payable	2016	5,827
Other debts	2016	351
Current interest on payables	2016	46
Guarantees and deposits received	2016	164
Payables to group companies	2016	48,679
Suppliers	2016	760,794
Suppliers, group companies	2016	8,122
Other payables	2016	55,711
Personnel	2016	24,689
Advances to customers	2016	986
Total current financial liabilities		**1,182,301**

Thousands of Euros	Maturity	2014
Bonds and other securities	2019	494,701
Debt with financial institutions	2016-2017	43
Finance lease payables	2016-2020	10,770
Guarantees and deposits received	per contract	5,237
Other non current liabilities	2018	5,500
Total non-current financial liabilities		**516,251**
Bonds and other securities	2015	3,396
Debt with financial institutions		88,079
Interests	2015	*238*
Other debts with credit entities	2015	*22,625*
Other current liabilities	2015	*65,216*
Finance lease payables	2015	5,253
Suppliers of fixed assets	2015	17,848
Bills payable	2015	10,989
Other debts	2015	19,270
Current interest on payables	2015	181
Guarantees and deposits received	2015	171
Payables to group companies	2015	75,186
Suppliers	2015	773,163
Suppliers, group companies	2015	19,103
Other payables	2015	65,372
Personnel	2015	26,025
Total current financial liabilities		**1,104,036**

Details of non-current financial debt by maturity in 2015 and 2014 are as follows:

Thousands of Euros	Total	2017	2018-2020	From 2021
Bonds and other securities	495,862	-	495,862	-
Syndicated credits (Revolving credit facilities)	297,580	-	297,580	-
Other debts with credit entities	90,029	70,014	20,015	-
Finance lease payables	9,881	3,973	5,808	100
Guarantees and deposits received	7,391	-	-	7,391
Other non current liabilities	16,600	-	16,600	-
Total non-current financial debt	**917,343**	**73,987**	**835,865**	**7,491**

Thousands of Euros	Total	2016	2017-2019	From 2020
Bonds and other securities	494,701	-	494,701	-
Debt with financial institutions	43	14	29	-
Finance lease payables	10,770	4,225	6,389	156
Guarantees and deposits received	5,237	-	-	5,237
Other non current liabilities	5,500	-	5,500	-
Total non-current financial debt	**516,251**	**4,239**	**506,619**	**5,393**

The finance costs accrued on these outstanding financial liabilities totalled Euros 17,575 thousand in 2015 and Euros 33,439 thousand in 2014.

f) Cash flow and fair value interest rate risks

Interest rate risk arises from non-current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. In line with its risk management policy, the Company 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 reduced profit after tax by Euros 449 thousand (Euros 463 thousand at 31 December 2014).

(11) Investments in Equity Instruments of Group Companies

At 31 December 2015 and 2014, all DIA Group companies subject to statutory audit have been audited. Details of investments in Group companies are as follows:

Information on Group companies for the year ended 31 December 2015 (expressed in thousands of Euros)

Name	Registered Offices	Activity	Auditor	% of ownership: % direct interest	% of ownership: Total	Capital	Reserves	Results for the year from continuing operations	Total equity	Carrying amount of investment	Dividends received in 2015
Dia Portugal Supermercados, S.A. and Subsidiary	Lisbon	Wholesale and retail sale of food products and the subsidiary sale of toiletries and perfume products.	KPMG	100	100	51,803	10,050	11,297	73,150	50,547	43,600
Dia Argentina, S.A. and Subsidiary	Buenos Aires	Wholesale and retail distribution of food products	KPMG	95	100	120,140	(98,649)	1,194	22,685	116,218	-
Dia Brasil Sociedade Limitada	Sao Paulo	Wholesale and retail distribution of consumer products	KPMG	100	100	145,009	(26,095)	9,241	128,156	145,009	-
Finandia E.F.C., S.A.	Madrid	Loan and credit operations, including customer credit, mortgage loans and financing of commercial transactions, as well as the issue and management of credit and debit cards.	KPMG	100	100	7,000	1,446	199	8,645	7,000	-
Dia Tian Tian Management Consulting Service & Co.Ltd.	Shanghai	Service consultancy	KPMG	100	100	19,300	(20,838)	728	(811)	-	-
Shanghai Dia Retail Co., Ltd.	Shanghai	Retail distribution of consumer products	KPMG	100	100	95,138	(108,796)	(15,990)	(29,648)	20,642	-
Beijing Dia Commercial CO., LTD. (1)	Beijing	Retail distribution of consumer products	KPMG	100	100	-	-	-	-	-	-
Twins Alimentación, S.A. and Subsidiary	Madrid	Distribution of food products and toiletries though supermarkets and the subsidiary, sub-lease of premises primarily to its sole shareholder.	KPMG	100	100	36,169	12,662	30,447	79,278	160,748	30,000
Dia World Trade, S.A.	Geneva	Supply services to the companies of the DIA Group.	KPMG	100	100	84	775	(29)	830	843	81
Schlecker, S.A.	Madrid	Sale of toiletries and perfume products.	KPMG	100	100	9,616	(1,686)	(3,581)	4,349	51,372	-
Grupo El Árbol, Distribución y Supermercados, S.A. and Subsidiary	Valladolid	Wholesale and retail sale of food products and others.	KPMG	100	100	12,000	4,323	102,665	118,988	150,000	-
DIA ESHOPPING, S.L.	Madrid	Creation, maintenance and operation of portals in Internet for selling products and services.	N/A	100	100	10	985	(280)	715	1,003	-
										703,382	73,681

(1) 31 December 2015 this company liquidited his assets and liabilities, pending deregistration

Information on Group companies
for the year ended 31 December 2014
(expressed in thousands of Euros)

Name	Registered Offices	Activity	Auditor	% of ownership % direct interest	Total	Capital	Reserves	Results for the year from continuing operations	Total equity	Carrying amount of investment	Dividends received in 2014
Dia Portugal Supermercados, S.A. and Subsidiary	Lisbon	Wholesale and retail sale of food products and the subsidiary sale of toiletries and perfume products.	KPMG	100	100	51,803	40,108	17,171	109,082	50,547	-
Dia Argentina, S.A. and Subsidiary	Buenos Aires	Wholesale and retail distribution of food products	KPMG	95	100	120,140	(97,137)	7,732	30,735	115,784	-
Dia Brasil Sociedade Limitada	Sao Paulo	Wholesale and retail distribution of consumer products	KPMG	100	100	115,400	(157)	13,336	128,579	115,400	-
Finandia E.F.C., S.A.	Madrid	Loan and credit operations, including customer credit, mortgage loans and financing of commercial transactions, as well as the issue and management of credit and debit cards.	KPMG	100	100	7,000	1,229	217	8,446	7,000	-
Dia Tian Tian Management Consulting Service & Co.Ltd.	Shanghai	Service consultancy	KPMG	100	100	19,300	(21,776)	1,035	(1,441)	-	-
Shanghai Dia Retail Co., Ltd.	Shanghai	Retail distribution of consumer products	KPMG	100	100	95,138	(93,907)	(14,028)	(12,797)	35,572	-
Beijing Dia Commercial CO., LTD. (1)	Beijing	Retail distribution of consumer products	KPMG	100	100	90,138	(83,295)	(6,804)	39	-	-
Twins Alimentación, S.A. and Subsidiary	Madrid	Distribution of food products and toiletries though supermarkets and the subsidiary, sub-lease of premises primarily to its sole shareholder.	KPMG	100	100	36,169	35,998	6,664	78,831	160,748	-
Dia World Trade, S.A.	Geneva	Supply services to the companies of the DIA Group.	KPMG	100	100	84	782	75	941	843	97
Schlecker, S.A.	Madrid	Sale of toiletries and perfume products.	KPMG	100	100	9,616	550	(2,236)	7,930	51,372	-
Grupo El Árbol, Distribución y Supermercados, S.A. and Subsidiary (2)	Valladolid	Wholesale and retail sale of food products and others.	KPMG	100	100	11,670	(74,174)	(71,173)	(133,677)	-	-
										537,266	97

(1) This company is in process of liquiditing a 31 December 2014.

(2) The investment in Grupo El Árbol is 1 euro.

Details of investments in Group companies and changes in 2015 and 2014 are as follows:

	Thousands of Euros		
Company	Balances at 1 January 2015	Additions	Balances at 31 December 2015
Dia Portugal Supermercados, S.A.	50,547	-	50,547
Dia Argentina, S.A.	115,784	434	116,218
Dia Brasil Sociedade Limitada	115,400	29,609	145,009
Finandia E.F.C.,S.A.	7,000	-	7,000
Dia Tian Tian Management Consulting Service & Co.Ltd.	19,300	-	19,300
Shanghai Dia Retail CO., LTD.	95,138	-	95,138
Twins Alimentación, S.A.	160,748	-	160,748
Dia World Trade	843	-	843
Schlecker, S.A.	51,372	-	51,372
Grupo El Árbol, Distribución y Supermercados, S.A.	-	150,000	150,000
DIA ESHOPPING, S.L.U.	-	1,003	1,003
Total cost	**616,132**	**181,046**	**797,178**
Impairment	(78,866)	(14,930)	(93,796)
Carrying amount	**537,266**	**166,116**	**703,382**

	Thousands of Euros			
Company	Balances at 1 January 2014	Additions	Disposals	Balances at 31 December 2014
Dia Portugal Supermercados, S.A.	50,547	-	-	50,547
Dia Argentina, S.A.	115,046	738	-	115,784
Dia Brasil Sociedade Limitada	115,400	-	-	115,400
Finandia E.F.C.,S.A.	7,000	-	-	7,000
Dia Tian Tian Management Consulting Service & Co.Ltd.	19,300	-	-	19,300
Shanghai Dia Retail CO., LTD.	69,949	25,189	-	95,138
Dia France	1,243,868	-	(1,243,868)	-
Twins Alimentación, S.A.	160,748	-	-	160,748
Dia World Trade	843	-	-	843
Schlecker, S.A.	51,372	-	-	51,372
Total cost	**1,834,073**	**25,927**	**(1,243,868)**	**616,132**
Impairment	(320,448)	(42,680)	284,262	(78,866)
Carrying amount	**1,513,625**	**(16,753)**	**(959,606)**	**537,266**

On 31 October 2014 the Company acquired 100% of the share capital of Grupo El Árbol Distribución y Supermercados, S.A. (hereinafter, El Árbol), including its 94.24% interest in Compañía Gallega de Supermercados, S.A., for the price of one Euro. It also acquired the participating loan extended by the majority of its shareholders to El Árbol, with a carrying amount of Euros 52,458 thousand. This loan, which matures in 2016, bears fixed interest at Euribor plus a spread of 1% and variable interest dependant on certain financial variables of El Árbol. The price paid by the Company for all the share capital of El Árbol as well as for the participating loan amounted to a fixed amount of Euros 21,000 thousand and a variable price linked to El Árbol's revenues from 2015-2018, both inclusive, which at 31 December 2014 was valued by an independent expert at Euros 15,989 thousand. During 2015, the parties agreed to lower the variable price by indexing it to a loan of Euros 21,400 thousand, resulting in adjustments of Euros 2,727 thousand. Consequently, the contingent consideration has been valued at Euros 13,262 thousand. At the reporting date of these annual accounts the contingent consideration was adjusted based on the valuation of an independent expert (see notes 12 (a) and 18 (b)).

On 30 March 2015, the Company, as the sole shareholder of El Árbol, agreed to increase its share capital by Euros 330 thousand with a share premium of Euros 149,670 thousand and therefore made a contribution of Euros 150,000 thousand.

During 2015 a capital increase of Euros 29,609 thousand was made in DIA Brasil. In 2014 a disbursement of Euros 25,189 thousand was made in Shanghai Dia Retail Co., LTD. and intra-Group loans of Euros 434 thousand and 738 thousand were capitalised in Dia Argentina, S.A. in 2015 and 2014 respectively. Additionally, a disbursement of Euros 25,284 thousand was made in Beijing Dia Commercial Co., LTD. At the reporting date of these annual accounts this company has liquidated its assets and liabilities and is concluding the local administrative procedures for its dissolution.

On 1 July 2015 the Company acquired 100% of the capital of Castanola Investments, S.L. for Euros 3 thousand. On 13 July 2015 this company changed its name to DIA ESHOPPING, S.L. and on 28 July 2015 acquired the business for the creation, maintenance and operation of websites and web portals for the sale of products and services from Mobile Dreams Factory Marketing, S.L. for a fixed price of Euros 750 thousand and a variable price, up to a maximum of Euros 2,313 thousand, subject to compliance with the terms, amounts and dates stipulated in the contract. This variable price was valued by an independent expert at Euros 1,755 thousand on the acquisition date and at Euros 1,890 thousand at the reporting date of these annual accounts. On 31 July 2015 the Company, as sole shareholder of DIA ESHOPPING, S.L., agreed to increase the latter's share capital by Euros 7 thousand with a share premium of Euros 993 thousand and a contribution of Euros 1,000 thousand.

On 30 November 2014 DIA France was sold to Carrefour France SAS. The carrying amount of this investment was Euros 959,606 thousand and the final selling price net of transaction costs and the obligations assumed by DIA was Euros 238,885 thousand. The loss on this transaction was Euros 720,721 thousand (see notes 18 (b) and 24 (e)).

Details of the activities of the subsidiaries for 2015 and 2014 are presented in the tables at the beginning of this note.

- Impairment

Impairment losses and reversals associated with the different investments are as follows:

	Thousands of Euros		
Company	Balances at 1 January 2015	Charge	Balances at 31 December 2015
Dia Tian Tian Management Consulting Service & Co.Ltd.	(19,300)	-	(19,300)
Shanghai Dia Retail CO., LTD.	(59,566)	(14,930)	(74,496)
Total non-current	**(78,866)**	**(14,930)**	**(93,796)**

	Thousands of Euros			
Company	Balances at 1 January 2014	Charge	Reversals	Balances at 31 December 2014
Dia Tian Tian Management Consulting Service & Co.Ltd.	(19,300)	-	-	(19,300)
Dia France	(284,262)	-	284,262	-
Shanghai Dia Retail CO., LTD.	(16,886)	(42,680)	-	(59,566)
Total non-current	**(320,448)**	**(42,680)**	**284,262**	**(78,866)**

As mentioned in notes 2 (d) (i) and 4 (d), the recoverable amount of investments in Group companies is determined based on the value in use or fair value less costs to sell if higher. 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 does not exceed the long-term average growth rate for the retail business in which the Company operates.

In 2015 the Company has recognised impairment of Euros 14,930 thousand on its interest in Shanghai Dia Retail CO., LTD. (Euros 42,680 thousand in 2014). Additionally, due to the sale of the Company's interest in DIA France in 2014, the Company derecognised impairment losses recognised in prior years. In 2013 DIA also recognised a Euros 26,256 thousand provision for liabilities and charges to cover constructive legal obligations it expected to materialise for DIA Beijing and DIA Tian Tian. It released Euros 24,359 thousand of this amount due to the capital increase carried out in Dia Beijing in 2014 and also Euros 1,897 thousand in respect of Dia Tian Tian in 2014 (see note 18 (b)).

The following main assumptions have been used to calculate value in use:

	Spain		Portugal	
	2015	2014	2015	2014
Sales growth rate (1)	3.00%	6.50%	4.90%	3.40%
Growth rate (2)	2.00%	2.00%	2.00%	2.00%
Discount rate (3)	6.88%	7.41%	7.49%	8.24%

	Argentina		Brazil	
	2015	2014	2015	2014
Sales growth rate (1)	20.00%	24.20%	16.80%	17.60%
Growth rate (2)	2.00%	2.00%	2.00%	2.00%
Discount rate (3)	12.20%	12.60%	8.56%	8.09%

	China	
	2015	2014
Sales growth rate (1)	18.50%	16.60%
Growth rate (2)	2.00%	2.00%
Discount rate (3)	7.25%	7.20%

(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) Pre-tax discount rate applied to the cash flow projections.

The decline in the average growth rate for sales in Spain compared with the prior year is primarily because the sales projections of El Árbol were taken into account in the 2014 projections.

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.

The Company has applied the discount rate assumption for Spain to calculate the value in use of depreciated property, plant and equipment and amortised intangible assets.

(12) Investments and Trade Receivables

The carrying amount of financial assets recognised at cost or amortised cost does not differ significantly from their fair value.

(a) Investments in Group companies

Details of investments in Group companies are as follows:

	Thousands of Euros			
	2015		2014	
Group	Non-current	Current	Non-current	Current
Loans	30,000	36,137	37,114	-
Current account with the Group	-	161,821	-	178,856
Total	**30,000**	**197,958**	**37,114**	**178,856**

On 30 June 2015 the Company extended a Euros 30,000 thousand loan to its subsidiary DIA Portugal Supermercados, S.A., which is repayable in a single settlement in 2017 and generates quarterly interest at market rates.

On 28 December 2015 the Company extended a participating loan of Euros 1,000 thousand to its subsidiary Schlecker, S.A., which matures in 2016 and generates quarterly interest as agreed between the parties.

With the purchase on 31 October 2014 of Grupo El Árbol, the Company acquired the participating loan held by certain of its shareholders. At the acquisition date this loan was valued by DIA at Euros 36,989 thousand and it generated interest income of Euros 125 thousand in the last two months of 2014. On 25 September 2015 the variable price was adjusted (see notes and 18 (b)), and this loan was modified accordingly, thus it was finally valued at Euros 35,137 thousand, including accrued interest. This loan matures on 1 September 2016.

Details of the current accounts with Group companies at 31 December 2015 and 2014 are presented below:

	Thousands of euro					
	2015			2014		
	Account receivable	Tax Credit (VAT)	Tax Credit (Income tax)	Account receivable	Tax Credit (VAT)	Tax Credit (Income tax)
Twins Alimentación S.A.	-	385	-	-	1,805	5,848
Schlecker, S.A.	51,373	4,011	-	56,186	7,322	-
Grupo El Árbol Distribución y Supermercados, S.A.	75,047	3,549	-	91,861	-	-
Compañía Gallega de Supermercados, S.A.	-	17	-	-	-	-
Dia World Trade, S.A.	367	-	-	-	-	-
Finandia E.F.C., S.A.	306	-	-	549	-	101
Pe-Tra Servicios a la distribución, S.L.U.	284	-	249	-	-	283
Dia Portugal Supermercados, S.A.	2,114	-	-	692	-	-
Dia Brasil Sociedade Limitada	10,896	-	-	5,330	-	-
Dia Argentina, S.A.	10,175	-	-	6,595	-	-
Dia Tian Tian Management Consulting Service & Co.Ltc	2,092	-	-	1,686	-	-
Shanghai Dia Retail Co., Ltd.	956	-	-	598	-	-
Total	**153,610**	**7,962**	**249**	**163,497**	**9,127**	**6,232**

The nominal annual interest rates applied to current accounts with Group companies in 2015 and 2014 ranged from one-month Euribor plus a spread of between -0.125% (with a 0% floor) for payables and 0.2% for receivables.

(b) Investments

Details of investments are as follows:

	Thousands of Euros			
	2015		2014	
Unrelated parties	Non-current	Current	Non-current	Current
Equity instruments	36	-	36	-
Loans	490	258	667	192
Hedging derivatives	-	66	-	71
Deposits and guarantees	35,619	639	20,702	2,913
Total	**36,145**	**963**	**21,405**	**3,176**

Equity instruments comprise the Company’s interest in Ecoembalajes España, S.A. (Ecoembes).

Loans reflect amounts granted by the Company to its personnel, which earn interest at market rates.

Guarantees and security deposits 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 current or non-current prepayments (see note 14). This balance also includes Euros 16,600 thousand that was withheld from the sellers in the acquisition of premises from the Eroski Group, which is payable in instalments at 14, 36 and 48 months. In 2014 deposits of this type totalled Euros 5,500 thousand as a result of the acquisition of Schlecker. This amount was settled in June 2015 after the signing of the agreement reached with the seller (see note 20 (b)).

(c) Trade and other receivables

Details of trade and other receivables are as follows:

	Thousands of Euros			
	2015		2014	
	Non-current	Current	Non-current	Current
Trade receivables	40,135	55,449	27,125	46,541
Trade receivables from group companies and associates	-	272,481	-	194,250
Other payables	-	72,465	-	81,672
Personnel	-	703	-	791
Current tax assets (note 21)	-	49,256	-	41,859
Public entities, other (note 21)	-	515	-	635
Impairment	-	(16,887)	-	(15,245)
Total	**40,135**	**433,982**	**27,125**	**350,503**

Trade receivables basically comprise those from franchisees and concessionaires for sales of goods. The non-current portion of this balance is recognised at its present value.

At 31 December 2015, trade receivables from Group companies basically comprise Euros 74,997 thousand receivable from Twins Alimentación, S.A. (Euros 99,865 thousand at 31 December 2014), Euros 32,979 thousand receivable from Schlecker, S.A. (Euros 2,022 thousand at 31 December 2014) and Euros 150,785 thousand receivable from Grupo el Árbol (Euros 70,041 thousand at 31 December 2014).

Other receivables essentially comprise receivables for services rendered to suppliers, rent receivable from concessionaires that lease premises from the Company and receivables from sales of assets.

Provisions are made for all such amounts when their recovery is considered doubtful.

Current tax assets comprise the receivable in relation to the estimated calculation of income tax for 2015 and 2014, respectively.

(d) Impairment

An analysis of the changes in allowance accounts related to impairment of financial assets measured at amortised cost due to credit risk is as follows:

	Thousands of Euros	
	2015	2014
Current		
At 1 January	**(15,245)**	**(12,421)**
Charge	(6,588)	(6,107)
Reversals	4,946	3,283
At 31 December	**(16,887)**	**(15,245)**

In 2015 the Company has recognised direct losses due to unrecoverable receivables totalling Euros 38 thousand (Euros 101 thousand in 2014).

(13) Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2015	2014
Goods for resale	215,507	196,715
Raw materials and other supplies	8,168	6,680
Advances to suppliers	2,584	1,072
Impairment	(912)	(513)
Total	**225,347**	**203,954**

Inventories essentially comprise goods for resale.

(a) Limitations to availability

At 31 December 2015 and 2014 there are no restrictions to the availability of any inventories.

(b) Insurance

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

(14) Prepayments

Details of prepayments are as follows:

	Thousands of Euros			
	2015		2014	
	Non-current	Current	Non-current	Current
Prepayments on operating leases	-	120	-	172
Prepayments on guarantees and loans (note 12 (b))	3,952	433	5,785	565
Other prepayments	-	456	-	290
Total	**3,952**	**1,009**	**5,785**	**1,027**

(15) Cash and cash equivalents

Cash includes cash on hand and current accounts with financial institutions.

(16) Equity

Details of equity and movement during the year are shown in the statement of changes in equity.

(a) Capital

At 31 December 2014 the Company's share capital amounted to Euros 65,107,055.80, represented by 651,070,558 freely transferable shares of Euros 0.10 par value each, subscribed and fully paid.

At the Company's general shareholders' meeting held on 24 April 2015, a share capital decrease was agreed through the redemption of own shares acquired under a share buy-back programme pursuant to Commission Regulation (EC) 2273/2003 of 22 December 2003. The general shareholders' meeting authorised the Board of Directors to approve this decrease, with express powers to delegate this authority. On 27 July 2015 the board of directors agreed to delegate the powers conferred by the shareholders at their general meeting to specific legal representatives of the Company, who in exercise of these powers have carried out the capital decrease by redeeming 28,614,045 own shares of DIA held in its portfolio with a par value of Euros 0.10 each that represented 4.39% of the share capital (see note 16 (c)). On 2 October 2015 the deed of the capital decrease and the change to DIA's

articles of association was filed with the Mercantile Registry of Madrid.

Consequently, at 31 December 2015 and 2014 the Company's share capital amounts to Euros 62,245,651.30, represented by 622,456,513 freely transferable shares of Euros 0.10 par value each, subscribed and fully paid.

The Euros 184,411 thousand difference between the cost incurred to acquire the own shares used in this capital redemption and their par value has been recognised with a charge of Euros 144,844 thousand to the share premium and Euros 39,567 thousand to 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 if the conditions for reducing share capital set forth in Article 335.c) of the Spanish Companies Act are met (see note 16 (c)).

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 el 0.171% 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 shareholdings in the Company at the reporting date of these annual accounts are as follows:

Baillie Gifford & CO	10,488%
Blackrock INC.	4,935%
Black Creek Investment Management INC	3,069%
Ameriprise Financial, INC.	3,054%
Fidelity International Limited	1,017%

On 18 May 2015 Citigroup Global Markets Limited informed the Spanish National Securities Market Commission of the block trade of DIA shares undertaken on behalf of Cervinia Europe, S.à.r.l. and Blue Partners, S.à.r.l. This block trade comprised 55,200,000 DIA shares representing 8.48% of its share capital. On 19 May 2015 the aforementioned company reported the completion of this transaction for a total of Euros 408,480,000, with a price per share of Euros 7.40. This event resulted in the two proprietary directors, Mr. Nicolas Brunel and Mr. Nadra Moussalem, stepping down from the board of directors, having announced their resignation in letters dated 17 June 2015 and received at the Parent's registered office on 18 June 2015. Mr. Juan María Nin Génova became a member of DIA's board of directors on 15 October 2015.

(b) Reserves

Reserves at 31 December 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	**2014**
Legal Reseve	13,021	13,021
Goodwill Reserve	12,829	11,058
Redeemed Capital Reserve	5,688	2,827
Voluntary Reserves	(48,168)	35,525
Total	**(16,630)**	**62,431**

(i) Legal reserve

The 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 2015 subsequent to the capital decrease carried out in the year the Company has more than the minimum amount required by law in this reserve.

(ii) ***Differences on redenomination of capital to Euros***

This non-distributable reserve of Euros 62.07 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.

(iii) ***Goodwill reserve***

The goodwill reserve has been provided for 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 absence of profit, or if profit is insufficient, freely distributable reserves should be used.

(iv) ***Redeemed capital reserve***

An amount equal to the par value of the own shares redeemed in 2013 and 2015 has been appropriated to this 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 (a)).

(v) ***Other reserves***

At 31 December 2015 mainly as a result of the capital decrease other reserves are negative in an amount of Euros 48,168 thousand. Nevertheless, this situation will be transitory until the proposed distribution of the Company's profit for 2015 set out in these annual accounts (see note 3) is approved by the shareholders at their annual general meeting.

(vi) ***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 Company 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 is 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 Company shares and the arrangement of any kind of financial instrument or contract to acquire own shares (in addition to those already held by the Company at the date of approval) representing up to 2% of the Company's share capital.

As a result, on 21 December 2011 the Company 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 Company 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, and undertook to acquire the shares on 21 January 2015. On this date the Company renewed the contract to acquire these shares in two tranches. Tranche 1 for the acquisition of 3,100,000 shares expired on 21 April 2015 and tranche 2 for the acquisition of the remaining 2,400,000 shares expires on 21 January 2016. Finally on 23 March 2015 the Company acquired all of the first tranche and a portion of the second tranche in advance for 1,400,000 shares for a total of Euros 22,950,000. The acquisition of 1,000,000 shares at a price of Euros 5.10 per share is therefore pending (see note 20 (b)). The final tranche was settled on 21 January 2016 in an amount of Euros 5,100,000.

As authorised by the sole shareholder of the Company in a decision taken on 9 May 2011 and in accordance with the Company'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 agreed to buy back additional own shares up to a maximum amount equivalent to 1% of the Company's share capital. The scheme to buy back 6,793,360 shares was completed 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, in exercise of the powers conferred on it by the shareholders at their general meeting, agreed to decrease DIA's share capital by redeeming 28,265,442 own shares.

On 1 August 2014 the Company signed an equity swap contract with Société Générale whereby the latter acquired 6,000,000 own shares of the Company at a price of Euros 6.1944 per share. The contract was settled on 1 September 2014, when the Company recognised the shares in its own portfolio for a total of Euros 37,166,400. These 6,000,000 shares were acquired as part of the long-term incentives plan for 2014-2016 (see note 20 (b).

On 20 February 2015 the Company's board of directors agreed to carry out an own share buy-back programme (hereinafter the Buy-back Programme) in accordance with the authorisation conferred on the board of directors on 9 May 2011. The purpose of this Buy-back Programme is to decrease the Company's share capital, following authorisation of the Programme by the shareholders at the general meeting. The capital decrease was approved at the general shareholders' meeting held on 24 April 2015. The 28,614,045 shares acquired under the Buy-back Programme carried out throughout the year were fully used in the capital decrease (see note 16 (a)).

Other transactions during 2015 and 2014 include the transfer of 3,324,980 shares and 393,219 shares, respectively, to the Company's directors and management personnel as remuneration, with a charge of Euros 8,247 thousand and a credit of Euros 611 thousand to other reserves at 31 December 2015 and 2014, respectively. In 2013, 2012 and 2011, 398,019, 115,622 shares and 85,736 shares were transferred, respectively, to the Group's directors as remuneration.

As a result, at the 2015 reporting date the Company holds 8,183,782 own shares with an average purchase price of Euros 6.5448 per share, a total amount of Euros 53,560,917.32. The shares will be used to cover the share-based payment obligations with managers in accordance with the Plans described in note 19.

Movement in own shares during 2015 is as follows:

	Nº shares	Euros/share	Total
At 31 december 2014	**11,508,762**	**5.1147**	**58,864,185.94**
Shares acquired	28,614,045	6.9915	200,054,641.83
Transfer of shares	(3,324,980)	5.4394	(18,085,767.45)
Repayment of capial	(28,614,045)	6.5448	(187,272,143.00)
At 31 december 2015	**8,183,782**	**6.5548**	**53,560,917.32**

(c) Other 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. A long-term incentives plan for 2014-2016 is also included (note 19).

(d) Dividends

Details of dividends paid are as follows:

	2015	2014
Dividends on ordinary shares (Thousands of Euros):	112,614	103,281
Dividends per share (Euros):	0.18	0.16

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 2015 the number of shares is 625,632,815 whereas in 2014 there were 645,503,860 shares.

(17) Grants, Donations and Bequests Received

Movement in non-refundable grants, donations and bequests received, net of the tax effect, is as follows:

	Thousands of Euros	
	2015	2014
At 1 January	**1,786**	**2,413**
Grants obtained during the year	-	36
Transfers to the income statement	(636)	(543)
Adjustment deferred taxes to the new tax rates	-	(120)
At 31 December	**1,150**	**1,786**

Details of the amounts recognised in the income statement by type of grant are as follows:

	Thousands of Euros	
	2015	2014
Capital grants	821	775
Operating grants	424	743
Total	**1,245**	**1,518**

(18) Provisions

Details of non-current provisions are as follows:

	Thousands of Euros	
	2015	2014
Provisions for long-term employee benefits under defined benefit plans	1,186	861
Decommissioning provisions	896	878
Provisions for other liabilities	30,366	62,230
Total	**32,448**	**63,969**

(a) Provisions for Employee Benefits under Defined Benefit Plans and Other Employee Benefits

Details of the provisions for employee benefits under defined benefit plans and other employee benefits, and movement during the year, are as follows:

	Thousands of Euros	
	2015	2014
At 1 January	**861**	**554**
Current service cost	164	142
Provision surpluses taken to the income statement	136	163
Interest cost	25	28
Expected rate of return on plan assets	(7)	(11)
Payments for pensions	(3)	1
Other movements	10	(16)
At 31 December	**1,186**	**861**

The Company has commitments with current employees for pensions and length-of-service bonuses amounting to Euros 1,560 thousand at 31 December 2015 and Euros 1,238 thousand in 2014. Of these amounts, Euros 374 thousand and Euros 377 thousand were externalised in 2015 and 2014, respectively, as required by Spanish legislation.

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

	Thousands of Euros	
	2015	2014
At 1 January	**377**	**369**
Expected rate of return	7	11
Annual premium	27	30
Actuarial losses	(37)	(33)
At 31 December	**374**	**377**

The principal actuarial assumptions used are as follows:

- Annual discount rate: 2% in 2015 (3% in 2014).
- Mortality tables for men and women: GRM-95 and GRF-95, respectively.
- Turnover rates: as established in Order EHA/3433/2006 of 2 November 2006.
- Retirement age: 67 years.

The total expense recognised in the income statement, by item, is as follows:

	Thousands of Euros	
	2015	2014
Current service cost	(164)	(142)
Provision surpluses taken to the income statement	(136)	(163)
Interest cost	(25)	(28)
Expected rate of return on plan assets	7	11
Total	**(318)**	**(322)**

(b) Provisions for other non-current liabilities

Movement in other non-current provisions is as follows:

	Thousands of Euros				
	Tax provisions	Labour provisions	Legal provisions	Other provisions	Total
At 1 January 2015	**30,728**	**3,860**	**11,653**	**16,867**	**63,108**
Charge	4,273	95	1,706	18	6,092
Applications	(12,820)	(14)	(2,069)	-	(14,903)
Reversals	(848)	-	(6,198)	(15,989)	(23,035)
Transfers	-	75	(75)	-	-
At 31 December 2015	**21,333**	**4,016**	**5,017**	**896**	**31,262**

	Thousands of Euros				
	Tax provisions	Labour provisions	Legal provisions	Other provisions	Total
At 1 January 2014	**30,353**	**235**	**6,579**	**2,740**	**39,907**
Charge	15,735	3,692	5,912	16,024	41,363
Applications	(7,851)	(58)	(247)	-	(8,156)
Reversals	(7,509)	(9)	(591)	(1,897)	(10,006)
At 31 December 2014	**30,728**	**3,860**	**11,653**	**16,867**	**63,108**

Tax, employee benefit and legal provisions

At 31 December 2015 among others these include the tax provisions to cover inspection-related risks for an amount of Euros 21,333 thousand (Euros 30,728 thousand at 31 December 2014). Euros 7,020 thousand were paid in 2015 in respect of income tax for 2005 as a result of tax inspections. The non-current provisions made in 2014 primarily comprised Euros 12,219 thousand recognised in the Company to cover tax risks derived from the sale of DIA France. In 2015 the Company paid Euros 5,800 thousand for this item.

At 31 December 2015 this item includes provisions related to litigation with employees (Labour provisions) amounting to Euros 4,016 thousand compared with the Euros 3,860 thousand provision for this item recognised at 31 December 2014.

At 31 December 2015 provisions related to litigation with third parties (legal provisions) amount to Euros 5,017 thousand compared with Euros 11,653 thousand at 31 December 2014. The non-current provisions made in 2014 primarily comprised Euros 4,891 thousand to cover legal risks arising from the sale of DIA France. In 2015 the Company reversed Euros 2,010 thousand of this item. The use and reversals of this provision include movements in the provision made at 31 December 2014 related to the sale of DIA Turkey after the agreement was signed with the buyers on 22 June 2015.

Other provisions

Reversals in this item relate to the variable price for the acquisition of Grupo El Árbol, based on the estimate calculated by an independent expert.

(19) Share-based Payment Transactions

On 7 December 2011 the 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 Company shares. The shareholders approved these plans at their general meeting and beneficiaries were informed of the plan regulations on 11 June 2012.

Under the long-term incentive plan, executives (including the executive director) of the Company were entitled to variable remuneration settled though shares in the Company. The receipt of these incentives was dependent on whether the Company met certain business targets over the 2011-2014 period, as well as certain indicators relating to the value of these shares. Beneficiaries were also required to remain as employees of or maintain their commercial relationship with the Company and/or its subsidiaries on the plan reference dates. The first settlements for the 2011-2014 plan were made in 2015 and the final settlements will be made in 2016.

Under the multi-year variable remuneration plan, executives of the Company were awarded variable remuneration settled though shares in the Company. Amounts relating to 2011 and 2012 were settled in 2013 and January 2014 and remuneration for 2013 and 2014 were to be settled in 2015 and January 2016, dependent on the Company and its subsidiaries meeting certain business targets. Beneficiaries are also required to remain in the employment of or maintain their commercial relationship with the Company and/or its subsidiaries on the plan settlement dates.

On 25 April 2014 the shareholders at their general meeting approved a long-term incentive plan for 2014-2016, to be settled with a maximum of 6,981,906 Company shares, for the current and future executive directors, senior management and other key personnel of DIA and its subsidiaries, as determined by the board of directors. To receive the shares, the personnel who voluntarily join the plan must meet the requirements in its general terms and conditions. The purpose of the plan is to award and pay variable remuneration in DIA shares, according to compliance with business objectives for the Company and the Group and the total shareholder return. At 31 December 2015 the Parent estimates that 5,562,997 shares is the maximum number that will be awarded under this plan.

In 2015 the costs recognised in respect of these plans amount to Euros 4,249 thousand (Euros 12,028 thousand in 2014). The balancing entry was recognised under other own equity instruments. The payments made in 2015 and 2014 in relation to the long-term incentives plan 2011-2014 amounted to Euros 15,429 thousand and Euros 2,010 thousand respectively, with transfers of 3,242,482 and 328,272 shares, respectively.

(20) Payables and Trade Payables

The carrying amount of financial liabilities recognised at cost or amortised cost does not differ significantly from their fair value.

(a) Group companies and associates

Details of Group companies and associates are as follows:

	Thousands of Euros	
	Current	Current
Group	2015	2014
Payables	48,679	75,186
Total	**48,679**	**75,186**

Details of current payables to Group companies at 31 December 2015 and 2014 are presented below:

	Thousands of Euro			
	Current Account	Tax Debit (Income tax)	Current Account	Tax Debit (Income tax)
Group	2015		2014	
Twins Alimentación S.A.	28,546	6,122	57,698	425
Schlecker, S.A.	-	297	-	338
Grupo El Árbol Distribución y Supermercados, S.A.	-	13,301	1,217	-
Compañía Gallega de Supermercados, S.A.	96	313	-	-
DIA ESHOPPING, S.L.U.	4	-	-	-
Dia World Trade, S.A.	-	-	15,508	-
Total	**28,646**	**20,033**	**74,423**	**763**

The interest rates applied to current accounts with Group companies in 2015 and 2014 ranged from one-month Euribor plus a spread of between -0.125% (with a 0% floor) for payables and 0.2% for receivables.

(b) Payables

Details of payables are as follows:

	Thousands of Euros			
	2015		2014	
Unrelated parties	Non-current	Current	Non-current	Current
Bonds and other securities	495,862	3,500	494,701	3,396
Debt with financial institutions				
Syndicated credits (Revolving credit facilities)	297,580	-	-	-
Other bank loans	90,029	90,000	-	-
Interest	-	595	-	238
Other debts	-	126,119	43	22,625
Other financial liabilities	-	42,359	-	65,216
Finance lease payables (note 7)	9,881	5,106	10,770	5,253
Suppliers of fixed assets	-	9,252	-	17,848
Bills payable	-	5,827	-	10,989
Other debts	-	352	-	19,270
Current interest on payables	-	46	-	181
Guarantees and deposits received	7,391	164	5,237	171
Other financial liabilities	16,600	-	5,500	-
Total	**917,343**	**283,320**	**516,251**	**145,187**

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. At 31 December 2015 the bonds were quoted at 101.090%.

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

At 31 December 2014 the Company had a syndicated loan arranged with several financial institutions amounting to Euros 400 million and maturing in July 2019 and a revolving credit facility totalling Euros 350 million and maturing in May 2016. At 31 December 2014 no drawdowns had been made on these syndicated loans, which accrue interest at market rates.

On 21 April 2015 DIA signed a new agreement with a number of financial institutions for a syndicated loan of Euros 300 million maturing in April 2018, with the option to extend the term for an additional two years. Additionally, during 2015 the Company cancelled the Euros 350 million revolving credit facility. The Company's syndicated loans are used to finance ordinary operations and working capital. At 31 December 2015 Euros 300 million had been drawn down on these syndicated loans, which accrue interest at market rates.

At 2015 year end, all covenant ratios linked to this financing, as defined in the contract(*), calculated based on the DIA Group's consolidated annual accounts, have been met. Details are as follows:

Financial covenant	Syndicated loans in 2014 and 2015
Total net debt (*) / EBITDA(*)	< 3,50x

Other bank loans comprise bilateral loans amounting to Euros 180 million arranged by the Company in December 2015 and which bear interest at market rates and have the following maturity dates:

Thousands of Euros	2016	2017	2018	Total
Other bank loans	90,000	70,000	20,000	**180,000**

Additionally at 31 December 2015 the Company has credit facilities with a total limit of Euros 188,600 thousand (Euros 88,500 thousand at 31 December 2014) on which Euros 126,119 thousand have been drawn down (Euros 25,000 thousand at 31 December 2014). At 31 December 2015 and 2014 the Company has other uncommitted credit facilities, with a limit of Euros 90,000 thousand and Euros 75,000, respectively. The credit facilities that the Company held in 2015 and 2014 accrued interest at market rates.

Other current financial liabilities at 31 December 2015 include Euros 37,166 thousand in respect of the equity swap financed with Société Générale on 1 September 2014 and renewed upon its maturity with Banco Santander until 30 September 2016, and Euros 5,100 thousand in respect of the equity swap renewed on 21 January 2015 and maturing on 21 January 2016, signed originally on 21 December 2011. During 2015 the Company liquidated shares amounting to Euros 22,950 thousand. At 31 December 2014 this item included Euros 65,216 thousand relating to the equity swaps prevailing at that date (see note 16 (b) (vi)).

The decrease in other payables under current liabilities is due to the refund made during 2015 to the buyers of DIA France of the excess amount collected for the sale once the final price adjustments were made.

At 31 December 2015 other non-current financial liabilities comprise Euros 16,600 thousand withheld from the sellers of the Eroski Group establishments to cover possible contingencies. This amount is payable in instalments at 14, 36 and 48 months. At 31 December 2014 Euros 5,500 thousand consisted of the amount withheld from the seller of Schlecker, S.A. to cover possible contingencies. Although due on 1 February 2018 this amount was settled in June 2015 after the signing of the agreement reached with the seller (see note 12 (b)).

(c) Trade and other payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	Current	Current
Group	2015	2014
Suppliers	760,794	773,163
Suppliers, group companies	8,122	19,103
Other payables	55,711	65,372
Personnel	24,689	26,025
Public entities, other (note 21)	53,664	35,709
Advances to customers	986	-
Total	**903,966**	**919,372**

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

The Company has reverse factoring facilities with limits of Euros 565,000 thousand and Euros 650,000 thousand at 31 December 2015 and 2014, respectively. Drawdowns total Euros 226,162 thousand at 31 December 2015 and Euros 249,319 thousand at the prior year end.

The information required by the reporting duty established in 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:

	2015
	Days
Average payment period to suppliers	47
Payment operations ratio	47
Pending payment transactions ratio	39
	Amount in euros
Total payments made	4,167,519,606
*Total payment pending	361,741,115

* Receptions unbilled and invoices included in the confirming lines at the year end previously mencioned, are not included in this amount.

(21) Taxation

- Balances with public entities

Details of balances with public entities are as follows:

	Thousands of Euros			
	2015		2014	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	112,306	-	129,561	-
Current tax assets	-	49,256	-	41,859
Other	-	515	-	635
	112,306	**49,771**	**129,561**	**42,494**
		(note 12 (c))		(note 12 (c))
Liabilities				
Deferred tax liabilities	26,772	-	34,045	-
Value added tax and similar taxes	-	38,649	-	20,639
Social Security	-	9,152	-	8,922
Withholdings	-	5,863	-	6,148
	26,772	**53,664**	**34,045**	**35,709**
		(note 20 (c))		(note 20 (c))

On 29 January 2016 the Company received a refund of Euros 40,764 thousand from the taxation authorities. At the reporting date of these annual accounts this amount was recognised as a current tax asset.

- Years open to inspection and tax inspections

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed.

At 31 December 2015 the Company has the following main taxes and periods open to inspection:

Tax	Periods
Income tax	2011-2014
Value Added tax	2012-2015
Personal income tax	2012-2015
Business activities tax	2012-2015

Tax inspections carried out in the Company with respect to the following items and periods were concluded during 2014:

Tax	Periods
Income tax	2008-2010
Value Added tax	2009-2011
Withholdings and payments on account	2009-2011

At 31 December 2014 the years open to inspection for the main taxes applicable to the Company were as follows:

Tax	Periods
Income tax	2011-2013
Value Added tax	2012-2014
Personal income tax	2012-2014
Business activities tax	2011-2014

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any case, the Company's directors do not consider that any such liabilities that could arise would have a significant effect on the annual accounts.

- **Income tax**

At 31 December 2015 the Company files consolidated tax returns as the Parent of tax group 487/12. Until 2014 the Groups subsidiaries were Twins Alimentación, S.A., Finandia EFC S.A, Pe-Tra Servicios a la Distribución, S.L. and Schlecker S.A. In 2015 Grupo El Árbol Distribución y Supermercados, S.A. and Compañía Gallega de Supermercados, S.A have been included in the consolidated tax group. For its part, Finandia EFC has left the group as it is subject to a different tax rate to that of the Parent.

All of the companies in the tax group determine corporate income tax due on a joint basis as a single taxable person, then distribute the tax burden among the individual companies.

A reconciliation of net income and expenses for 2015 and 2014 with DIA's taxable income (tax loss) is as follows:

2015	Thousands of Euros						
	Income statement			Income and expense taken to equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expenses for the period	**216,975**	**-**	**216,975**	**-**	**(641)**	**(641)**	**216,334**
Income tax	56,164	-	56,164	-	(214)	(214)	55,950
Profit before tax	273,139	-	273,139	-	(855)	(855)	272,284
Permanent differences:							
individual company	634	(86,983)	(86,349)	-	-	-	(86,349)
Temporary differences:							
individual company							
originating during the year	7,486	(54,580)	(47,094)	-	-	-	(47,094)
originating in prior years	21,698	(275)	21,423	855	-	855	22,278
Taxable income	**302,957**	**(141,838)**	**161,119**	**855**	**(855)**	**-**	**161,119**

The permanent negative adjustment to income tax for 2015 of Euros 86,893 thousand primarily consists of the exemption to avoid double taxation in respect of the dividends distributed by DIA Portugal and Twins Alimentación, S.A, pursuant to article 21 of the Spanish Corporate Income Tax Law 27/2014, and the tax incentive related to the reduction in income obtained from certain intangible assets in accordance with article 23 of that Law.

Temporary differences that increase taxable income in 2015 mainly reflect the reversal of the accelerated amortisation/depreciation performed in 2011 and 2012 in accordance with Royal Decree 13/2010 of 3 December 2010, and the charge to the provision on the investment in DIA Shanghai, the expense on which is considered non-tax deductible.

Temporary differences that decrease taxable income in 2015 mainly reflect the winding up of DIA Beijing, the reversal of provisions for the sale of DIA Turkey and DIA France that were non-tax deductible in prior years, and the reversal of a tenth of the Company's amortisation/depreciation charge, which was considered non-tax deductible, in accordance with Law 16/2012 of 27 December 2012.

2014	Thousands of Euros						
	Income statement			Income and expense taken to equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expenses for the period	**-**	**(391,946)**	**(391,946)**	**790**	**(542)**	**248**	**(391,698)**
Income tax	-	(137,069)	(137,069)	161	(233)	(72)	(137,141)
Profit before tax	-	(529,015)	(529,015)	951	(775)	176	(528,839)
Permanent differences:							
individual company	40,634	(96)	40,538	-	-	-	40,538
Temporary differences:							
individual company							
originating during the year	54,813	(4,868)	49,945	-	-	-	49,945
originating in prior years	63,123	(199)	62,924	1,139	(1,315)	(176)	62,748
Taxable income	**158,570**	**(534,178)**	**(375,608)**	**2,090**	**(2,090)**	**-**	**(375,608)**

The permanent positive adjustment to income tax for 2014 of Euros 40,634 thousand primarily consists of the dividends distributed by DIA France in 2009 and 2010, as a negative adjustment of the corresponding Euros 40,000 thousand was made to the tax returns for those years as an exemption for international double taxation.

Temporary difference that increase taxable income in 2014 mainly reflect the portion of the amortisation/depreciation charge that was considered non-tax deductible in 2014, in accordance with Law 16/2012, of 27 December 2012, as well as the non-tax deductible provision for the sale of DIA France.

Temporary differences that decrease taxable income in 2014 mainly reflect the reversal of the provision made in prior years for the sale of DIA Turkey, which was considered non-tax deductible.

A reconciliation of total income tax and tax payable/recoverable is as follows:

	Thousands of Euros	
	2015	2014
Taxable income	**161,119**	**(375,608)**
Tax at (28-30%)	45,113	-
Deductions	(3,098)	-
Tax payable	**42,015**	**-**
Total tax payable	(30,092)	(40,938)
Withholdings and payments on account	(19,784)	-
Tax payable (+) recoverable (-) by the Company	**(7,861)**	**(40,938)**

The tax refund included in the definitive income tax return filed for 2014 was not Euros 40,938 thousand but Euros 41,859 thousand, once the final adjustments to this tax became known.

The relationship between the tax expense and accounting profit for 2015 and 2014 is as follows:

	Thousands of Euros			Thousands of Euros		
	2015			2014		
	Profit and loss	Equity	Total	Profit and loss	Equity	Total
Income and expenses for the period before tax	**273,139**	**(855)**	**272,284**	**(529,015)**	**176**	**(528,839)**
Tax at 28% (30% in 2014)	76,479	(239)	**76,240**	(158,705)	53	**(158,652)**
Positive permanent differences	177	-	**177**	12,190	-	**12,190**
Negative permanent differences	(24,355)	-	**(24,355)**	(29)	-	**(29)**
Deductions and credits for the current year	(662)	-	**(662)**	(671)	-	**(671)**
Income tax expenses in prior years	(208)	-	**(208)**	(634)	-	**(634)**
Other adjustments	3,920	-	**3,920**	(3,072)	-	**(3,072)**
Adjustment of tax rates	813	25	**838**	13,852	19	**13,871**
Income tax expenses / (income) from continuing operations	**56,164**	**(214)**	**55,950**	**(137,069)**	**72**	**(136,997)**

Details of accumulated temporary differences at 31 December 2015 and the corresponding deferred tax asset or liability, in thousands of Euros, are as follows:

	TEMPORARY DIFFERENCE					TAX EFFECT					
	2014	Origin	Reversal	Other	2015	2014	Origin	Reversal	Other	Adj. tax rts.(*)	2015
Provision for textiles	**141**	13	-	-	**154**	**35**	4	-	-	(1)	**38**
Leaseholds	**815**	-	-	(8)	**807**	**203**	-	-	(2)	-	**201**
Provision for franchising operations	**2,581**	254	-	-	**2,835**	**645**	71	-	-	(7)	**709**
Accelerated depreciation 2013/2014	**54,213**	-	(5,421)	-	**48,792**	**16,264**	-	(1,518)	(270)	-	**14,476**
Provision sale Turkey	**5,673**	-	(5,598)	-	**75**	**1,418**	-	(1,567)	-	168	**19**
Other provisions	**444**	-	(9)	-	**435**	**111**	-	(2)	-	-	**109**
Equity instruments	**15,710**	-	(7,702)	-	**8,008**	**3,927**	-	(2,156)	-	231	**2,002**
Beijing (provision for risks)	**28,040**	-	(28,040)	-	**-**	**7,852**	-	(7,852)	-	-	**-**
Holding Asia	**4,845**	640	-	83	**5,568**	**1,211**	179	-	25	(23)	**1,392**
Pension commitments	**862**	324	-	-	**1,186**	**217**	91	-	-	(11)	**297**
Non-deductible goodwill on acq. of invest.	**1,584**	-	-	-	**1,584**	**396**	-	-	-	-	**396**
Non-deductible impairment of fixed assets	**-**	1,707	-	-	**1,707**	**-**	478	-	-	(51)	**427**
Shanghai	**-**	4,548	-	-	**4,548**	**-**	1,273	-	-	(137)	**1,136**
Provision sale France	**20,800**	-	(7,810)	-	**12,990**	**5,200**	-	(2,187)	-	234	**3,247**
TOTAL DEFERRED TAX ASSETS	**135,708**	**7,486**	**(54,580)**	**75**	**88,689**	**37,479**	**2,096**	**(15,282)**	**(247)**	**403**	**24,449**

	TEMPORARY DIFFERENCE					TAX EFFECT					
	2014	Origin	Reversal	Other	2015	2014	Origin	Reversal	Other	Adj. tax rts.(*)	2015
Accelerated depreciation 2011	**29,554**	-	(8,093)	-	**21,461**	**7,689**	-	(2,266)	-	(72)	**5,351**
Accelerated depreciation 2012	**16,090**	-	(3,223)	-	**12,867**	**4,143**	-	(902)	-	(8)	**3,233**
Goodwill deductible purchases from third parties	**4,758**	275	-	-	**5,033**	**1,190**	76	-	-	(8)	**1,258**
Argentina	**71,240**	-	-	(5,103)	**66,137**	**17,809**	-	-	(1,531)	255	**16,533**
Shanghai	**10,382**	-	(10,382)	-	**-**	**2,596**	-	(2,907)	-	311	**-**
Hedging operations	**88**	-	-	(29)	**59**	**24**	-	-	(8)	-	**16**
Grants	**2,380**	-	-	(761)	**1,619**	**594**	-	-	(213)	-	**381**
TOTAL DEFERRED TAX LIABILITIES	**134,492**	**275**	**(21,698)**	**(5,893)**	**107,176**	**34,045**	**76**	**(6,075)**	**(1,752)**	**478**	**26,772**

(*) Includes income/expenses derived from the adjustment of prior years' tax rates.

The tax reform approved by Law 27/2014 of 27 November 2014 introduced a gradual reduction in the rates of corporate income tax (28% in 2015 and 25% in 2016 and subsequent years). The tax impact on deferred tax assets and liabilities is shown in the column "Adj. tax rts.".

The tax loss carryforwards of Euros 87,857 thousand generated in 2014 should be added to the deferred tax assets reflected in the above tables. Also, in 2015 the amount of the deferred tax assets for deductions generated in prior years has been reduced by Euros 2,327 thousand.

Details of accumulated temporary differences at 31 December 2014 and the corresponding deferred tax asset or liability, in thousands of Euros, are as follows:

	TEMPORARY DIFFERENCE					TAX EFFECT					
	2013	Origin	Reversal	Other	2014	2013	Origin	Reversal	Other	Adj. tax rts.	2014
Onerous Contracts	111	-	(101)	(10)	-	33	-	(30)	(3)	-	-
Provision for textiles	134	7	-	-	141	40	2	-	-	(7)	35
Leaseholds	787	-	-	28	815	236	-	-	8	(41)	203
Provision for franchising operations	2,327	254	-	-	2,581	698	76	-	-	(129)	645
Accelerated depreciation 2013	27,996	26,036	-	181	54,213	8,399	7,811	-	54	-	16,264
Provision sale Turkey	9,217	-	(3,544)	-	5,673	2,765	-	(1,063)	-	(284)	1,418
Other provisions	569	-	(125)	-	444	171	-	(38)	-	(22)	111
Hedging Operations	1,315	-	-	(1,315)	-	395	-	-	(395)	-	-
Equity instruments	9,363	6,347	-	-	15,710	2,809	1,904	-	-	(786)	3,927
Beijing (provision for risks)	26,977	1,063	-	-	28,040	8,093	319	-	-	(560)	7,852
Holding Asia (provision for risks)	1,897	-	(1,098)	4,046	4,845	569	-	(329)	1,213	(242)	1,211
Pension commitments	556	306	-	-	862	167	92	-	-	(42)	217
Non-deductible goodwill on acq. of invest.	1,584	-	-	-	1,584	475	-	-	-	(79)	396
Provision sale France	-	20,800	-	-	20,800	-	6,240	-	-	(1,040)	5,200
TOTAL DEFERRED TAX ASSETS	82,833	54,813	(4,868)	2,930	135,708	24,850	16,444	(1,460)	877	(3,232)	37,479

	TEMPORARY DIFFERENCE					TAX EFFECT					
	2013	Origin	Reversal	Other	2014	2013	Origin	Reversal	Other	Adj. tax rts.	2014
Accelerated depreciation 1994-1995	2	-	-	(2)	-	1	-	-	(1)	-	-
Accelerated depreciation 2011	39,507	-	(9,953)	-	29,554	11,853	-	(2,986)	-	(1,178)	7,689
Accelerated depreciation 2012	20,472	-	(4,382)	-	16,090	6,142	-	(1,315)	-	(684)	4,143
Goodwill deductible purchases from third parties	4,559	199	-	-	4,758	1,367	60	-	-	(237)	1,190
DIA France	1,369	-	(1,369)	-	-	411	-	(411)	-	-	-
Argentina	75,977	-	(4,737)	-	71,240	22,791	-	(1,421)	-	(3,561)	17,809
Shanghai	53,063	-	(42,681)	-	10,382	15,919	-	(12,804)	-	(519)	2,596
Hedging operations	141	-	-	(53)	88	42	-	-	(13)	(5)	24
Grants	3,446	-	-	(1,066)	2,380	1,035	-	-	(322)	(119)	594
TOTAL DEFERRED TAX LIABILITIES	198,536	199	(63,122)	(1,121)	134,492	59,561	60	(18,937)	(336)	(6,303)	34,045

In addition to the deferred tax assets shown in the above tables, in 2014 the DIA consolidated tax group generated tax losses amounting to Euros 351,423 thousand, with an effect on deferred tax assets of Euros 87,857 thousand, calculated according to the projected offset of the losses.

In addition, in 2014 the Company generated tax deductions of Euros 2,327 thousand that were recognised in deferred tax assets.

Nonetheless, the taxation authorities' right to examine or investigate tax loss carry forwards (whether available or already offset), double taxation relief and tax credits aimed at incentivising certain activities (whether applied or available) becomes statute-barred ten years as from the day after the filing deadline for the tax return or self-assessment for the tax period in which the right of offset or application was generated. After this period, the Company must justify the tax loss carry forwards or tax credits by presenting the assessment or self-assessment and its accounts, together with evidence of their having been filed during the aforementioned period at the Mercantile Registry.

Law 16/2013, which introduced a number of tax measures, repealed Article 12.3 of the Revised Corporate Income Tax Law set forth in Royal Legislative Decree 4/2004, which allowed impairment losses on securities held in the capital of companies to be deducted from taxable income. At the same time it became compulsory to include impairment losses generated prior to this new rule in taxable income. In 2015 the increase in the equity of DIA Tian Tian Management Consulting Service entailed the reversal of a portion of the adjustments made in prior years with respect to this investment. Furthermore, the winding up of DIA Beijing Commercial Co.Ltd entailed the reversal of the adjustments made in previous years in relation to this investment.

	Thousands of Euros		
Company	Differrence in Equity	Integrated amount in tax base	Amount pending of Intregation
Beijing Dia Commercial Co.Ltd.	-	(28,040)	-
Dia Tian Tian Management Consulting Service & Co.Ltd	640	640	(5,569)

In 2014, as a result of transferring its shareholding in DIA France, the Company reversed adjustments made in relation to this investment in prior years.

Company	Thousands of Euros		
	Differrence in Equity	Integrated amount in tax base	Amount pending of Intregation
DIA France	-	1,370	-
Dia Argentina, S.A.	4,737	4,737	71,235
Shanghai Dia Retail Co.Ltd.	-	-	10,384
Beijing Dia Commercial Co.Ltd.	-	1,063	(28,040)
Dia Tian Tian Management Consulting Service & Co.Ltd	799	799	(4,929)

In 2011, pursuant to additional provision eleven of Spanish income tax law, applying the wording presented in Royal Decree-Law 6/2010 of 9 April 2010 and Royal Decree-Law 13/2010 of 3 December 2010, DIA applied accelerated depreciation to new property plant and equipment and investment property acquired during the year.

In 2012, pursuant to additional provision eleven of Spanish income tax law, applying the wording presented in Royal Decree-Law 6/2010 of 9 April 2010 and Royal Decree-Law 13/2010 of 3 December 2010, as well as the single repealing provision included in Royal Decree-Law 12/2012 of 30 March 2012, DIA applied accelerated depreciation to new property plant and equipment and investment property acquired before 31 March.

(22) Environmental Information

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

The expenses incurred during the year in managing this environment impact are not significant.

The Company'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 provisions for environmental risks and charges in the annual accounts at 31 December 2015 and 2014.

(23) Related Party Balances and Transactions

(a) Related party balances

Balances receivable from and payable to Group companies, and the main details of these balances, are provided in notes 12 (a) and (c) and 20 (a) and (c).

(b) Transactions with subsidiaries

The Company's transactions with subsidiaries are as follows:

Balances with subsidiaries	Thousands of euros 2015	Thousands of euros 2014
Sales	888,830	364,270
Other services rendered	108,362	74,704
Finance income	1,112	7,415
Dividends	73,681	97
TOTAL REVENUES	**1,071,985**	**446,486**
Purchases	(14,649)	(21,007)
Work carried out by the company for assets	26,559	-
External services	11,076	11,927
Finance expenses	19	57
TOTAL EXPENSES	**23,005**	**(9,023)**
Buildings	67	1
Machinery, installations, furniture and other fixed assets	703	86
TOTAL COST	**770**	**87**
Intangible fixed assets	(18,514)	-
Buildings	(435)	(45)
Machinery, installations and furniture	(1,324)	(98)
Other fixed assets	(189)	(136)
TOTAL CARRYING AMOUNT	**(20,462)**	**(279)**

(c) Information on the directors and senior management personnel

Details of remuneration received by the directors and senior management of the Company in 2015 and 2014 are as follows:

Thousands of Euros			
2015		2014	
Directors	Senior mgt.	Directors	Senior mgt.
5,235	11,012	1,875	3,404

In 2015 and 2014 the Company's directors received remuneration of Euros 1,089 thousand and Euros 978 thousand, respectively, in their capacity as board members.

The first and second share-based payments of the four-year incentive plan for 2011-2014 were made in 2015. Remuneration accrued for the year reflects the value of the shares awarded to the directors in their dual capacity as board members and senior management personnel.

Article 39.5 of the Company's articles of association requires the disclosure of the remuneration earned by each of the present members of the board of directors in 2015 and 2014. Details are as follows:

2015	Thousands of Euros			
Members of the Board	Financial instruments	Fixed remuneration	Variable remuneration	Others
Ms. Ana María Llopis Rivas	46.1	123.6	-	-
Mr. Ricardo Currás de Don Pablos (*)	1,731.3	667.1	1,831.0	6.8
Mr. Julián Díaz González	36.6	80.9	-	-
Mr. Richard Golding	31.1	93.0	-	-
Mr. Juan María Nin Genova	6.3	22.9		
Mr. Mariano Martín Mampaso	37.5	85.6	-	-
Mr. Pierre Cuilleret	36.6	85.9	-	-
Ms. Rosalía Portela de Pablo	26.0	78.8	-	-
Mr. Antonio Urcelay Alonso	26.0	79.8	-	-
Mr. Nadra Moussalem	17.2	34.3	-	-
Mr. Nicolas Brunel	17.2	34.3	-	-
Total	**2,012**	**1,386**	**1,831**	**7**

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

2014	Thousands of Euros			
Members of the Board	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.

In 2015 and 2014 neither directors of the Company nor members of senior management have carried out any transactions other than ordinary business or applied terms that differ from market conditions with the Company or any other Group company.

In accordance with Article 229 of the Revised Spanish Companies Act in relation to situations of conflicts of interest, the Director Mr. Pierre Cuilleret has stated that his spouse remains an independent Director of the Board of Carrefour Société Anonyme (company that has the same corporate activity as DIA). Additionally, the spouse of Mr. Cuilleret is the owner of 34,580 shares of Carrefour Société Anonyme (0.005% of the capital of the aforementioned company). This information was included for the first time in the Notes to the Annual Accounts of DIA for 2012, year in which his spouse was appointed as an independent Director of the referred company.

(24) Income and Expenses

(a) Revenues

Details of revenues by geographical market are as follows:

	Thousands of Euros	
	2015	2014
East Spain	1,880,960	1,760,596
West Spain	2,626,966	2,317,088
Comunitary	4,112	7,268
Abroad	39,697	1,416
Total	**4,551,735**	**4,086,368**

(b) Supplies

Details of merchandise, raw materials and other supplies used are as follows:

	Thousands of Euros	
	2015	2014
Merchandise used		
Purchases	4,631,650	3,881,822
Purchase discounts, non-trade income and returns	(1,026,051)	(777,555)
Change in inventories	(18,793)	(15,798)
Total	**3,586,806**	**3,088,469**
Raw materials and consumables used		
Purchases	17,283	10,387
Change in inventories	(1,488)	(118)
Total	**15,795**	**10,269**
Subcontracted work	34,985	7,390
Impairment of merchandise, raw materials and other suppliers	399	20
Total	**3,637,985**	**3,106,148**

(c) Employee benefits expense

Details of the employee benefits expense are as follows:

	Euros	
	2015	2014
Social Security payable by the Company	83,963	83,898
Other employee benefits expenses	2,531	2,383
Total	**86,494**	**86,281**

(d) Impairment and gains/losses on the disposal of fixed assets

Details of impairment and gains/losses on the disposal of fixed assets are as follows:

	Thousands of Euros	
	2015	2014
Impairment of intangible assets (note 5)	110	(69)
Impairment of property, plant and equipment (note 6)	975	2,999
Impairment of goodwill (note 5 (a))	-	512
Intangible assets (note 5)	1	1,036
Property, plant and equipment (note 6)	3,889	2,924
Total	**4,975**	**7,402**

(e) Losses on disposal and other

In 2014 the Company generated a loss of Euros 720,721 thousand on the sale of 100% of its interest in DIA France (see note 11).

(25) Commitments and Contingencies

The off-balance-sheet commitments pledged and received by the Company comprise contractual obligations which have not yet been executed. The two types of commitments relate to cash and growth operations. Additionally, the Company 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 and
- bank commitments received.

Commitments were acquired to carry out business expansion processes.

Finally, commitments relating to lease contracts for property and furniture and equipment are detailed in note 8 (Operating leases).

Itemised details of commitments at 31 December 2015 and 2014 are as follows:

(a) Pledged

In thousands of Euros - 31 December 2015	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Guarantees	8,134	-	625	6,389	15,148
Cash	**8,134**	**-**	**625**	**6,389**	**15,148**
Purchase option on warehouses and stores	-	9,630	22,626	36,300	68,556
Commercial contract commitments	13,740	1,972	221	-	15,933
Other commitments	2,302	2,917	3,487	1,260	9,966
Operations / property / expansion	**16,042**	**14,519**	**26,334**	**37,560**	**94,455**
Total	**24,176**	**14,519**	**26,959**	**43,949**	**109,603**

In thousands of Euros - 31 December 2014	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Guarantees	134	-	69	5,831	6,034
Cash	**134**	**-**	**69**	**5,831**	**6,034**
Purchase option on warehouses and stores	-	-	31,356	37,200	68,556
Commercial contract commitments	12,644	2,747	549	3	15,943
Other commitments	4,119	4,052	12,184	17	20,372
Operations / property / expansion	**16,763**	**6,799**	**44,089**	**37,220**	**104,871**
Total	**16,897**	**6,799**	**44,158**	**43,051**	**110,905**

The Company is the guarantor of the drawn downs made on the credit facilities by its Spanish subsidiaries, which at 31 December 2015 amount to Euros 1,270 thousand.

At 31 December 2015 and 2014, as the Parent of the DIA Group, the Company guarantees the financing granted to its subsidiaries in China, amounting to Euros 19,162 thousand and Euros 18,270 thousand, respectively.

(b) Received

In thousands of Euros - 31 December 2015	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Unused credit facilities	62,481	-	-	-	62,481
Unused revolving lines of credit	400,000	-	-	-	400,000
Unused confirming lines	338,838	-	-	-	338,838
Cash	**801,319**	**-**	**-**	**-**	**801,319**
Commercial contract commitments	25,118	6,127	6,617	10,696	48,558
Operations / property / expansion	**25,118**	**6,127**	**6,617**	**10,696**	**48,558**
Total	**826,437**	**6,127**	**6,617**	**10,696**	**849,877**

In thousands of Euros - 31 December 2014	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Unused credit facilities	63,500	-	-	-	63,500
Unused revolving lines of credit	750,000	-	-	-	750,000
Unused confirming lines	400,681	-	-	-	400,681
Cash	**1,214,181**	**-**	**-**	**-**	**1,214,181**
Commercial contract commitments	21,702	4,725	8,902	10,221	45,550
Operations / property / expansion	**21,702**	**4,725**	**8,902**	**10,221**	**45,550**
Total	**1,235,883**	**4,725**	**8,902**	**10,221**	**1,259,731**

(26) Employee Information

The average headcount of full-time-equivalent personnel in 2015 and 2014, distributed by professional category, is as follows:

	2015	2014
Management	138	138
Middle management	578	568
Other employees	14,602	14,710
Total	**15,318**	**15,416**

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

	2015		2014	
	Female	**Male**	**Female**	**Male**
Board members	2	7	2	8
Management	47	88	50	89
Middle management	290	285	291	284
Other employees	10,610	4,775	10,838	4,639
Total	**10,949**	**5,155**	**11,181**	**5,020**

In 2015 the Company employed one executive, two junior managers and 133 other employees with a disability rating of 33% or above (or an equivalent local classification). In 2014 the Company employed one executive, one junior manager and 145 other employees with this disability rating.

The Company has ten executives who are senior management at 31 December 2015 (nine at 31 December 2014). One executive is a member of the board of directors, at 31 December 2015 and 2014.

(27) Audit Fees

KPMG Auditores, S.L., the auditors of the Company's annual accounts, and other affiliates of KPMG International invoiced the following fees for professional services during the years ended 31 December 2015 and 2014:

	2015		
Thousands of Euros	KPMG Auditores, S.L.	Other companies associated with KPMG International	Total
Audit services	131	-	131
Other accounting review services	5	-	5
Other services	-	505	505
Total	**136**	**505**	**641**

	2014		
Thousands of Euros	KPMG Auditores, S.L.	Other companies associated with KPMG International	Total
Audit services	123	-	123
Other accounting review services	5	-	5
Other services	-	29	29
Total	**128**	**29**	**157**

The amounts detailed in the above tables include the total fees for services rendered in 2015 and 2014, irrespective of the date of invoice.

(28) Events after the Reporting Period

At the date of authorising these annual accounts for issue, the Company's board of directors has approved the proposal of the Appointment and Remuneration Committee to appoint Ms. Angela Spindler as an independent director of the Company, thereby filling the vacancy left by the resignation of Mr. Nicolas Brunel on 17 June 2015.

DIRECTORS' REPORT

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

1. ENTITY'S SITUATION

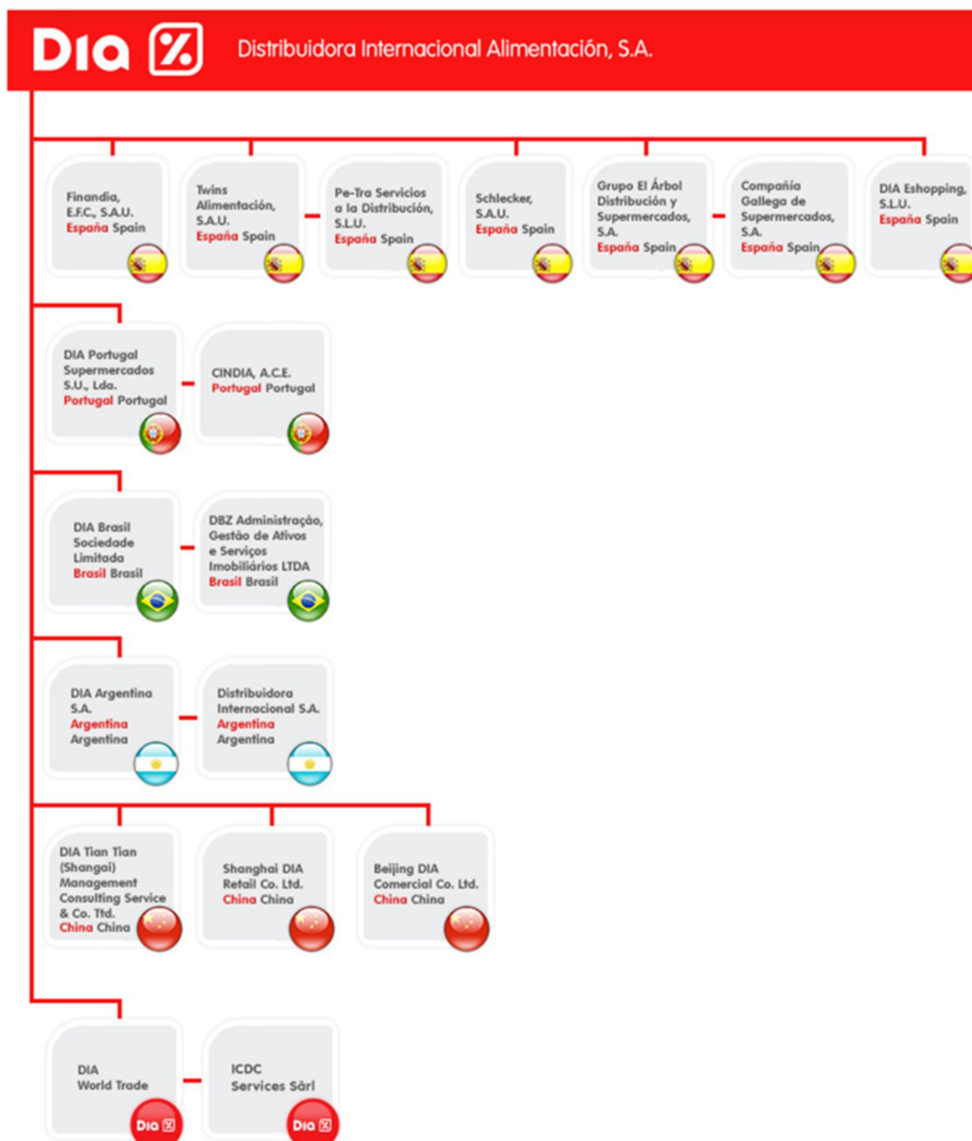
1.1. Organizational Structure

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. of which it owns 94.24% and ICDC, of which it owns 50%. Likewise, the Company owns 50% of the assets and liabilities of the group of companies called CINDIA, A.C.E.

The societies make up the DIA Group are as follows:



The Company's and subsidiaries main activity 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 main activity is the provision of services to suppliers of DIA Group companies.

Finandia E.F.C., S.A.U., is a Spanish credit company that finances the commercial transactions of the customers in DIA stores in Spain through the "ClubDIA" card.

Distribuidora Internacional, S.A., company located in Buenos Aires, Argentina, and its main activity is services consultancy.

The group of companies CINDIA, A.C.E and the company ICDC have been set up together with the companies Intermarché and Casino respectively to jointly buy goods in Portugal and Geneva, Switzerland.

E-Shopping creates, maintains and operates sites and internet portals for the sale of products and services.

The company DBZ Administraçao, Gestao de ativos e Serviços Imobiliarios Ltda. domiciled in Sao Paulo is involved in real estate management for DIA Brazil.

1.1.2. Board of Directors

Distribuidora Internacional de Alimentación, S.A., as of 31 December 2015, is managed and governed by a Board of Directors which is made up of nine members, of which seven are independent, one is executive and one is classified as "other external directors".

The composition of the Board of Directors, as of 31 December 2015, 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.
- Juan María Nin Génova: Director qualified as independent.

On 17 June 2015, Nadra Moussalem and Nicolas Brunel ceased to be proprietary directors as a consequence of the sale of the stake that their companies had in DIA.
Juan María Nin Génova joined the Board of Directors on 15 October 2015.

The overall function of the Board of Directors is the supervision and consideration of matters of particular importance to the Group. As a general rule, it entrusts the Group's ordinary management to the CEO and Senior Management.

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

(a) approval of the general policies and strategies of the Company and the organisation necessary to implement them, including the following:

(i) the strategic or business plan, as well as annual management objectives and the budget;
(ii) the investment and financing policy;

(iii) the determination of Company's fiscal strategy;
(iv) the definition of the structure of the corporate group and the coordination, within the legal limits, of the group's general strategy in the interest of the Company and the companies comprising it;
(v) the corporate governance policy of the Company and its group;
(vi) the corporate social responsibility policy;
(vii) the supervision of the performance of the board committees and acts carried out by delegated bodies and senior managers;
(viii) the policy for compensation and evaluation of the management team's performance;
(ix) the policy for control and management of risk, including fiscal risks, and the supervision of information and control systems, identifying the Company's main risks and organising the appropriate internal control and reporting systems;
(x) defining the basis for the corporate organisation, in order to ensure greater efficiency thereof and effective supervision by the board of directors;
(xi) setting and implementing the dividend and treasury share policies, within the framework of the authorisations of the general meeting.

(b) approval of the following operating decisions:

(i) convening the general shareholders meeting and drafting the agenda and the proposals for resolutions;
(ii) appointing 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 the acceptance of director resignations;
(iii) appointing and renewing internal positions on the board of directors, and the members of and positions of the committees constituted within the board;
(iv) delegating authority to any of its members, under the terms established by law and the articles of association, and revocation thereof;
(v) appointing and removing executive directors and senior managers reporting to the board, as well as establishing the basic conditions of their contracts, including their remuneration;
(vi) granting an authorisation or exemption of the obligations deriving from the duty of loyalty, when the granting of such authorisation lies with the board;
(vii) preparing the financial statements, management report and proposal for application of profits of the Company, as well as the consolidated financial statements and management report, and their submission to the general meeting for approval;
(viii) approving the financial information that the Company, being a listed company, must periodically disclose;
(ix) preparing the annual corporate governance report and the annual report on directors' remuneration, both to be presented to the general meeting and the other reports and documents that must be submitted to it;
(x) approving the amendment of this regulation;
(xi) proposing to the Company's general shareholders meeting the amendments to the regulation of the general shareholders meeting it deems appropriate to ensure the exercise of shareholders' rights of participation;
(xii) decisions concerning the remuneration of board members, in accordance with the articles of association and, if applicable, the remuneration policy as approved by the general meeting;
(xiii) fixing, in the case of inside directors, any additional consideration for their management duties and other terms of their contracts;
(xiv) establishing strategic alliances with industrial, commercial or financial groups, domestic or foreign;
(xv) investments, divestitures or transactions of all kinds (including financing transactions) that, by reason of their high amount or special characteristics, are of a strategic nature or special tax risks, including industrial, commercial and financial transactions of particular importance, unless (i) they have been approved in the annual budget, or (ii) approval thereof corresponds to the general meeting;
(xvi) creating or acquiring shares in special purpose vehicles or entities resident in jurisdictions considered to be tax havens, and any other transactions or operations of a comparable nature the complexity of which might impair the transparency of the Company and its group, after a report from the audit and compliance committee;
(xvii) the powers that the general meeting vested on the board of directors, save for those that the latter has been expressly authorised to subdelegate; and

(xviii) the preparation of any type of report required by law, when the operation to which the report refers cannot be delegated.

(c) approval of the transactions entered into by the Company or companies of its group with directors, as defined by the Act, or with shareholders who own, individually or jointly, a significant stake, including shareholders represented in the board of directors of the Company or companies of its group or individuals linked to them ("Related Party Transactions"). The directors concerned or who represent or are linked to the relevant shareholders must refrain from participating in the deliberation and voting of the resolution in question.

Nonetheless, transactions that simultaneously satisfy the three following conditions will not require board authorisation:

- those governed by standard contracts applied on an across-the-board basis to a large number of customers;
- those entered into at market prices or rates, generally fixed by the person supplying the goods or services; and
- where the amount of the transaction does not exceed one per cent (1%) of the Company's annual revenues.

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 as follows:

(i) report to the general shareholders meeting in relation to issues within the scope of its responsibilities;

(ii) supervise and review the preparation process and presentation of the required financial information which, in accordance with article 35 of the Securities Market Act, is to be provided by the board to the markets and their supervisory bodies, and, in general, ensure compliance with the legal requirements in this area, the appropriate delimitation of the scope of consolidation and the proper application of generally accepted accounting principles, as well as report on proposals for changes in accounting principles and standards suggested by management;

(iii) periodically supervise and review the effectiveness of the Company's internal control and financial and non-financial risk management systems, including fiscal risks, verifying the appropriateness and completeness thereof and proposing the selection, appointment, re-election and removal of the responsible therefor; proposing the budget for such services, approving the orientation and working plans, ensuring that the activity is focused mainly on risks relevant to the Company, and verifying that the members of the management team take into account the conclusions and recommendations in its reports; and discussing with the Company's auditors such significant weaknesses in the internal control system as may be discovered in the auditing process;

(iv) coordinate the process for the reporting of non-financial and diversity information, in accordance with applicable regulations and international reference standards;

(v) ensure the independence of the unit that undertakes the internal audit; propose the selection, appointment, re-election and dismissal of the person responsible for the internal audit service; propose the budget for said service; approve the orientation and the working plans of same, ensuring that its activity is focused mainly on risks relevant to the company; receive periodical information about its activities; and verify that senior management takes into account the conclusions and recommendations of its reports;

(vi) submit to the board of directors proposals for the selection, appointment, re-election and substitution of the outside account auditors, as well as the conditions for hiring them, and regularly gather information from them about the auditing plan and its execution, preserving their independence in the exercise of their duties;

(vii) establish the appropriate relationships with the outside auditors and receive information regarding questions that 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, they must receive from the outside auditors an annual declaration of their independence of the entity or entities directly or indirectly related to this one, and information on additional services of any kind provided to these entities and the corresponding fees received by the aforesaid outside auditors, or by

persons or entities related thereto, in accordance with the provisions of the legislation governing the auditing of accounts.

In the event of resignation of the outside auditor, the committee shall examine the circumstances leading to said resignation. It shall ensure that the Company communicates the change of auditor as a relevant fact to the CNMV and accompanies said notification with a declaration regarding the possible existence of disagreement with the outgoing auditor and, if any, the content of such disagreement;

(viii) annually, prior to the issuing of the audit report, publish a report stating an opinion regarding the independence of the auditors. This report must comprise, in any event, the assessment of the provision of additional services referred to in the point above, individually and globally considered, different from the legal audit and in relation to the independence system or the legal provisions on auditing;

(ix) serve as a communications channel between the board of directors and the auditors; evaluate the results of each audit and the responses of the management team to its recommendations and mediate in the event of disputes between the former and the latter in relation to the principles and criteria applicable in the preparation of the Financial statements, and examine the circumstances, if any, behind the resignation of the auditor.

The committee shall ensure that the outside auditor holds a meeting annually with the entire board of directors to inform it of the work carried out and the evolution of the accounting situation and the risks the company faces;

(x) report to the board beforehand regarding any matters foreseen by law, the articles of association, the board of directors regulations, and, in particular, on:

- the financial information that the Company must periodically disclose,
- the creation or acquisition of shares in entities with special purposes or domiciled in countries or territories that are considered to be tax havens;

(xi) supervise the 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;

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

(xiii) review the corporate social responsibility policy, ensuring that it is focused on creating value and monitoring the strategy and practices of corporate social responsibility and evaluating the degree of fulfilment;

(xiv) supervise the communication strategy and relations with shareholders, investors (including small and medium shareholders) and other stakeholders;

(xv) establish an internal mechanism whereby staff can report, confidentially and, if deemed appropriate, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the Company;

(xvi) prepare and update a declaration of ethical values related to the reliability of financial information in compliance with applicable regulations, which will be approved by the board of directors and communicated to all levels within the organisation;

(xvii) establish procedures to ensure that the principles of professional integrity and ethics are respected, as well as measures to identify and correct departures from those values within the organisation;

(xviii) the committee shall be informed of operations planned by the Company which produce structural or corporate modifications for their analysis and for a prior report to the board of directors on their economic conditions, their accounting effect and, especially, on the exchange ratio proposed, if any; and

(xix) any others that may be attributed to it by law and other regulations applicable to the Company.

The members of the audit and compliance Committee are Richard Golding, chairperson, and Julián Diaz González, Rosalía Portela de Pablo and Juan María Nin Génova as members.

The main functions of the nominating and compensation Committee are as follows:

(i) evaluate the competence, knowledge, and experience required on the board. To this end, the committee will determine the functions and skills required for candidates to cover a vacancy, and will evaluate the precise time and dedication in order to carry out their tasks effectively;

(ii) make proposals to the board of directors of independent directors to be appointed by co-option or for submission to decision by the general meeting, and proposals for re-election and removal of those directors by the general meeting;
(iii) report on proposals for the appointment of other directors to be appointed by co-option or for submission to decision by the general shareholders meeting, and proposals for re-election and removal of those directors by the general meeting;
(iv) report to the board on proposals for the appointment, re-election and removal of internal positions within the board of directors of the Company (chairperson, viceperson, lead coordinator, secretary and vice-secretary, if any);
(v) report on proposals for the appointment and removal of senior managers and the basic conditions of their contracts;
(vi) report to the board on matters of gender diversity and, in particular, seeing to it that procedures for the selection of directors and senior managers do not suffer from an implicit bias preventing the selection of women. In particular, the committee shall set a target for representation on the board for the least represented gender, establishing guidelines to achieve this target;
(vii) propose to the board of directors (i) the remuneration policy for directors and senior managers or any other persons performing senior management duties reporting to the board, the committees or the managing director, (ii) the individual compensation of executive directors and the other terms of their contracts, supervising their implementation, and (iii) the basic terms of senior managers' contracts;
(viii) analyse, formulate and periodically review the compensation policy applied to executive directors and the management team, including share compensation schemes and the application thereof, and guaranteeing that it is proportionate to the compensation paid to other directors and members of the management team and other personnel of the Company;
(ix) oversee compliance with the compensation policy set by the Company;
(x) examine and organise the succession plan for the Company's chairman of the board and the chief executive officer and, if applicable, suggest proposals to the board of directors to ensure a smooth and organised transition;
(xi) generally supervise compliance with the Company's applicable corporate governance rules, including a periodical evaluation of the Company's corporate governance system, such that it achieves its mission of promoting social interest and to takes into account, as appropriate, the legitimate interests of other stakeholders.
(xii) report to the shareholders on the performance of its duties, attending the general shareholders meeting for this purpose; and
(xiii) assist the board in the preparation of the report on directors' compensation policy and send the board any other reports on compensation contemplated in this regulation, verifying the information on compensation paid to directors and senior management contained in the different corporate documents, including the annual report on directors' remuneration.

The members of the nominating and compensation Committee are Mariano Martín Mampaso, chairperson, and Pierre Cuilleret and Antonio Urcelay Alonso as members.

1.2. Operation

The DIA Group is one of the world's leading food distributors, specializing in the proximity discount segment, and is present in five countries: Spain, Portugal, Brazil, Argentina and China, with 7,718 stores (owned or franchises) across different formats such as DIA Market, DIA Maxi, Clarel, El Árbol, La Plaza de DIA, DIA Fresh, Cada DIA, Minipreço and Mais Perto.

1.2.1. Strategy

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

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

a) Leadership in the neighbourhood segment: DIA boasts a unique business model that has allowed it to become the unrivalled specialist 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 shoppers in the process. Underpinned by the tenets of sustainable mobility and integration in the urban environment, the sales model makes life easier and is environmentally friendly, while helping to preserve existing urban cohesion and the dynamism of the broader retail trade.

   More than 86% of the stores operated by DIA Group are in urban and rural areas under the following banners: DIA Market, DIA Fresh, Clarel, El Árbol, La Plaza de DIA, Cada DIA, Minipreço and Mais Perto, and offering the best prices in the area of influence.

   To encourage the daily shopping, DIA Market, El Árbol, La Plaza de DIA y 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 y La Plaza de DIA stores stand out in the assisted sale in butchery, charcuterie and fish market.

b) Price leadership: Boosting shoppers' purchasing power by offering the best quality at the best price in the market makes the DIA Group aim to continuously improve its efficiency, 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, helping to make them loyal to our stores. The own brand in DIA Group constantly evolving to better adapt to customers's needs, providing them with an increasing amount of information, and innovating with the aim of achieving the same quality as the leading product in the market (or even beating it on quality), at an unbeatable price.

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

   DIA Group's private-label catalogue includes 7,500 SKUs. It is an international range (present in five countries) which meets the requirements of a broad customer base with differing tastes and sensitivities.

   The Company boasts an extensive portfolio of brands. Thanks to these brands, and by offering the most comprehensive ranges at unbeatable prices, shoppers recognise DIA as a genuine specialist in a broad number of product categories.

   In addition to the DIA brand, the company sells products under other private-label brands such as Bonté, specialised in personal care and hygiene products, Basic Cosmetics, focused on the make-up and cosmetics segments, BabySmile, devoted to all things baby-related, and AS, the pet food brand.

d) A single loyalty program: the "ClubDIA" card allows customers to benefit from immediate discounts at the cash desk on more than 300 products. Furthermore, monthly coupons are issued offering additional discounts within a product family, a brand of products or a new product that has recently been launched. The use of these coupons can represent an additional discount of 6% on the ticket purchase value..

   This tool is critical for the company's price image and allows it to implement more efficient sales plans with suppliers that are beneficial for all involved.

   This program was developed entirely by DIA Group and is one of the most efficient programs in the sector, and has now been implemented in all countries except Brazil, where it is being set up.

e) Low cost operator: process improvement, continuous reviews, and the constant search for excellence, are part of the DIA Group's DNA. Efficiency is the best guarantee of sustainability, allowing the company to offer the most competitive prices.

In order to be efficient while cutting costs, the DIA Group develops all of its strategic software internally, such as the cash desk software, the warehouse management program, and the above-mentioned loyalty program. These programs are designed to better adapt to the characteristics of proximity trade.

Given that efficiency cannot be achieved without an integrated and optimized logistics system, all merchandise for the stores prepared in DIA warehouses is delivered in a single multi-temperature truck that includes all perishable, frozen, dry and 0+ temperature products. Warehouses are managed using cutting-edge technology such as "voice-picking" (voice-transmitted orders) and radio frequency, which has allowed the transition to a paperless process.

Furthermore, in the stores, everything is designed to optimize employees' tasks, starting with product allocation facilitated by packaging and conditioning. At the cash desks, prices are scanned faster and more easily thanks to bioptic scanners, as barcodes are printed in several places on each product and keyboards are optimized by removing unnecessary keys and enlarging the most commonly used ones.

The organisation is focused on efficiency, allowing it to lower costs and offer the best prices to customers.

f) The franchise: DIA's track record in the design of an unrivalled business model is transferrable 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 a personalised service, reinforcing the supply of quality products at the lowest prices, thus creating the best neighbourhood model in the marketplace..

DIA transfers to its franchisees all its internally generated know how, covering all aspects of business, allowing its franchisees to develop a profitable and competitive business.

Accordingly, the franchise model is suitable to manage proximity stores and is a key factor to improve and strengthen the company's commercial proposition.

g) Profitable growth: Since its beginning in 1979, 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 growth at any price; its focus is on profitable growth. This sometimes implies closing unprofitable businesses with little prospect of improvement, as happened with the sale of the activity in Turkey in 2013 and in France in 2014, and the cessation of the activity of DIA Beijing. On the other hand, the purchase of the Plus stores in Spain at the end of 2007 or the more recent acquisitions of Schlecker in early 2013, El Árbol at the end of 2014 and a large number of Eroski stores in 2015, demonstrate the DIA Group's focus on growth, even with the purchase and sale of companies as long as they are done at a reasonable price and offer a perfect fit with the company´s strategy.

As for organic growth, the Company is not looking for faster growth that could affect the profitability of the emerging countries as happened in Brazil, where profitable growth is ensured by the opening of a new region each year and a half, whilst looking for alternatives with master franchise contracts.

1.2.2. Business Model

DIA Group manages multiformat stores that operate in three types of business: the discount business, the supermarket business and the Clarel business. Stores are either managed in a proprietary manner (COCO Stores – Company Owned Company Operated), or through franchises (FOFO stores – Franchised Owned Franchised Operated or COFO stores – Company Owned Franchised Operated).

(a) Store formats:

The DIA Group's different store formats are grouped under the following businesses:

(a.1) Discount business:

The discount business is currently the largest unit in terms of volume, representing 78% out of the DIA Group's total stores worldwide. The main discount store formats operated by the company under this business are as follows:

DIA Market: This is the company's neighbourhood store model and its attempt to get as close as possible to shoppers, bringing them a wide range of products that also represent unbeatable value for money.

DIA Market stores have floor space of 400-700m2 and are readily adaptable to local demand.

These stores' focuses on perishables sets them apart, and are ideal for everyday shopping, selling about 2,800 products.

DIA Maxi: DIA Maxi stores allow the company to better adapt 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 floor space of up to 1,000m2. At DIA Maxi stores, consumers can shop for a wide range of around 3,500 SKUs at the best market prices.

DIA Fresh: This commercial model works as a store where fresh products are managed. Within the neighbourhood shopping concept, DIA Fresh is a smaller format, with average floor space of 150m2 and a product offering based on fresh products such as fruit, vegetables and a bakery area (an area offering freshly baked bread and pastries). Another feature of the DIA Fresh store concept is its long opening hours, which allows shoppers to stop by at any time between 09:30am and 9:30pm.

Cada DIA: This retail format targets smaller towns, particularly in rural areas. Under this formula, franchise holders can offer DIA products without having to transform their stores into full-blown DIA stores. This is the town's longstanding store managed by a small shopkeeper.

Minipreço: Minipreço is the brand that DIA Group operates in Portugal. There are convenience stores in urban centres and larger stores in city suburbs. DIA brand products are offered in these stores.

Mais Perto: is the most rural concept of DIA Group store in Portugal, equivalent to the Cada DIA stores in Spain. The stores are located in small towns and are managed by local franchisees, allowing greater proximity to customers.

(a.2) Supermarket business:

This unit represents 7% of total DIA Group stores. The main supermarket formats operated under this business are as follows:

El Árbol: DIA Group acquired El Árbol in Spain at the end of October 2014. The stores 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.

La Plaza de DIA: La Plaza de DIA represents the concept of a traditional nearby family supermarket in which customers can carry out their daily shopping with a wide range of products, with special importance given to fresh produce. This store provides daily solutions for consumers with a wide range of over 5,000 SKUs.

Max Descuento: This store specialises in providing services to professionals and self-employed workers in the hotel, catering and food industry and to groups, with a range of over 4,000 SKUs with formats aligned with consumption levels in this channel. The service is supplemented by a telephone sales service, orders by email and distribution to customers through a transport network which optimises the processing time of our customers.

(a.3) Clarel Business:

This business represents 15% of total DIA Group stores.

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

Clarel was created following the acquisition of Schlecker stores in Spain and Portugal, and these stores have been refurbished and rebranded. The Clarel store image is more modern with more of a neighbourhood feel.

(b) Management models:

The stores are managed either in a proprietary manner (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 DIA Group's initial management model, and therefore the most widely used, although in recent years it has become less prevalent than the franchise management model. The main 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 first tested in COCO stores before being replicated in franchise stores.

At the end of 2015, COCO stores represented around 52% of 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, so this model is treated from the point of view of the end customer in the same way 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 mainly based on the proximity between franchisees and customers that provides a proximity service adapted to their needs. The franchisee manages the store in an optimal and efficient manner, and is an entrepreneur who manages the business with all of DIA's expertise, generating wealth in the environment in which it operates. .

At end-2015, FOFO stores represented around 20% of total DIA Group stores.

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

At the end of 2015, COFO stores represented over 28% of total DIA Group stores.

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

2. DEVELOPMENT AND BUSINESS RESULTS

2.1. Main financial and non-financial indicators

The Company reached an amount of EUR4,551.7m of gross sales under banner in 2015. Also, and jointly with its subsidiaries abroad, the gross sales under banner are EUR8,925.5m in 2014 (8,011m in 2014).

The operating profit of the Company in year 2015 is EUR228.2m, which represents a decrease of a 11.2% with regard to year 2014.

In 2015 DIA recognised impairment losses in the subsidiary in Shanghai amounting to EUR14.9m; this impact is due to the fact that the Company revaluated the subsidiaries' projections to show the economic evolution.

DIA: FY RESULTS 2015

(EURm)	2014	%	2015	%	INC
Sales	**4,086.4**	**100%**	**4,551.7**	**100.0%**	**11.4%**
Works carried out by the company for assets	5.0	0.1%	5.4	0.1%	8.0%
Supplies	(3,106.1)	-76.4%	(3,638.0)	-79.9%	17.1%
Other operating income	158.9	3.8%	215.4	4.7%	35.6%
Personnel expenses	(433.6)	-10.5%	(439.3)	-9.7%	1.3%
Other operating expenses	(346.4)	-8.4%	(358.3)	-7.9%	3.4%
Amortisation and depreciation	(100.6)	-2.4%	(104.6)	-2.3%	4.0%
Non financial and other capital grants	0.8	0.0%	0.8	0.0%	0.0%
Impairment and gains on disposal of fixed assets	(7.4)	-0.2%	(5.0)	-0.1%	-32.4%
Results form operating activities	**257.0**	**6.2%**	**228.2**	**5.0%**	**-11.2%**
Net finance income (excluding financial instruments)	(23.4)	-0.6%	59.8	1.3%	-355.6%
Impairment and gains on disposal of financ. inst.	(762.6)	-18.4%	(14.9)	-0.3%	-98.0%
Net finance result	**(786.0)**	**-19.0%**	**44.9**	**1.0%**	**-105.7%**
Profit before income tax	**(529.0)**	**-12.8%**	**273.1**	**6.0%**	**-151.6%**
Income tax	137.1	3.3%	(56.2)	-1.2%	-141.0%
PROFIT OF THE YEAR FORM RECURRING OPERATIONS	**(391.9)**	**-9.5%**	**216.9**	**4.8%**	**-155.3%**

In year 2015 the net sales per employee of the Company are EUR297.149 and EUR265,073 in 2014.

WORKING CAPITAL AND NET DEBT

The Company's negative working capital was EUR244.7m at 2015 year-end, which implies a decrease of 33.2% with regard to the same period in previous year. The inventories' growth was due to the integration of the purchasing functions of the El Árbol and Eroski acquisition in DIA's structure. The increase in trade and other receivables was related mainly to franchise expansion as well as an increase in balances receivable from suppliers' amounting at end of the year.

WORKING CAPTIAL

(EURm)	2014	2015	INC
Inventories	204.0	225.3	10.5%
Trade and other receivables	350.5	434.0	23.8%
Trade and other payables	(919.4)	(904.0)	-1.7%
Trade working capital	**(364.9)**	**(244.7)**	**-32.9%**

In 2015 the Company's net debt increased in EUR497.9m. During 2015, several factors had an impact on the company's net debt: EUR113m dividends paid out in July 2015, EUR300m had been drawn downs on the sindycated loans arranged by the Company and new bilateral loans signed by the Company during 2015.

NET DEBT

(EURm)	2014	2015	INC
Long-term debt	*516.3*	*917.3*	*77.7%*
Short-term debt	*220.4*	*332.0*	*50.7%*
Total debt	736.6	1,249.3	*69.6%*
Cash and equivalents	(11.2)	(26.0)	131.3%
Net debt	**725.4**	**1,223.3**	**68.6%**

STORE EXPANSION

At the end of December 2015, DIA Group operated 7,718 stores, with a net addition of 412 stores during the last twelve months, of which 267 net openings and 145 net number of stores integrated from Eroski. At the end of 2015, DIA operated 1,195 stores under the Clarel banner, 48 less than in the same period last year due to the closure of some unprofitable stores at the start of the year. With regards to the El Arbol and La Plaza banners, by the end of 2015 the total store count was 520, but during 2016 around 50 El Arbol stores will be closed down, and another 140 will be transferred to the DIA Market and Maxi formats.

The number of franchised stores is continuing to grow steadily. In 2015, the total number of franchised DIA banner stores (COFO and FOFO) grew by 607, from 3,059 to 3,666 and the weight of franchised stores increased from 54.4% to 61.1% in group terms

	2014				2015				
DIA GROUP	COCO	Franchised	TOTAL	%	COCO	Franchised	TOTAL	%	INC
DIA Market	1.711	2.931	4.642	63,5%	1.515	3.484	4.999	64,8%	357
DIA Maxi	856	128	984	13,5%	822	182	1.004	13,0%	20
Stores DIA format	**2.567**	**3.059**	**5.626**	**77,0%**	**2.337**	**3.666**	**6.003**	**77,8%**	**377**
% stores DIA format	45,6%	54,4%	100,0%		38,9%	61,1%	100,0%		
El Arbol / La Plaza	437	0	437	6,0%	520	0	520	6,7%	83
Schlecker / Clarel	1.217	26	1.243	17,0%	1.164	31	1.195	15,5%	-48
TOTAL DIA GROUP	**4.221**	**3.085**	**7.306**	**100,0%**	**4.021**	**3.697**	**7.718**	**100,0%**	**412**
% tiendas	57,8%	42,2%	100,0%		52,1%	47,9%	100,0%		

2.2. Questions related to environment and personnel

2.2.1. Environment

In 2015, the Company strengthened its commitment to the environment and the responsible use of natural resources, with the review, adaptation and subsequent approval in December 2015 of a new Environmental Policy, with the aim of being aligned with the Good Governance recommendations made by the Spanish stock market commission (CNMV) in February 2015.

This rule includes the general operating principles, as well as the responsibilities and how to integrate the protection of the environment into the company's management and planning, integrating sustainable guidelines. As with the rest of the policies that have also been developed and approved, the Company plans to make them public on its corporate website in early 2016.

During 2015, DIA formalised the environmental diagnostic procedure of its logistic platforms internationally and systematised the environmental diagnostics procedure in its logistics platform in Spain, carrying out environmental audits at its 18 warehouses.

Accordingly, DIA has started the environmental diagnostic of its logistic platforms outside Spain and has carried out the first environmental diagnostic of the offices of the Group's headquarters.

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

In terms of its carbon footprint, the availability of a proprietary analytic tool for its calculation in the installations and activities of the Company (developed in 2014) allowed DIA to systematize the monitoring of its emissions during 2015. This analytic tool allows the Company to monitor its carbon footprint and evaluate the efficacy of various measures in relation to emission reduction.

Based on the framework defined in 2014, in 2015 DIA finished drafting the procedures that form the basis of the Environment Management System.

During the first few months of 2016, DIA will adapt and implement these procedures internationally.

- **Carbon Disclosure Project**

  The Company's commitment to reduce its carbon footprint has meant that in recent years the company has worked in this area, promoting various initiatives to reduce its emissions and has developed a proprietary analytic tool that allows it to calculate the carbon footprint of its facilities and activities in all of its regions and operations.

  During 2015, DIA took the step of publicly sharing information about its emissions of greenhouse gases and its measure to mitigate them, answering the CDP-climate change questionnaire.

  CDP (the Carbon Disclosure Project) is an independent non-profit organization that has the world's largest database of corporate information about climate change, including more than 800 socially responsible investors who manage combined assets worth EUR90bn worldwide.

  Through an annual survey of the most important listed companies, the CDP compiles information on risks and opportunities related to climate change, and evaluates companies' degree of transparency from an environmental standpoint, and its degree of efficiency in terms of risk management related to its business impact.

  DIA group was awarded the Best Newcomer Award Spain 2015, which the Carbon Disclosure Project (CDP) gives to companies that score the highest number of points of all the companies joining the index in a given year. This index specialises in measuring large companies' strategies and actions related to sustainability and climate change.

- **BPMS**

  In recent years, DIA has worked on developing and implementing an online process management system (BPMS – Business Process Management Suite) that includes various blocks related to the development of private-label products (quality, packaging, commercial aspects, etc.).

  This system allows DIA to gradually digitalize its documents, with the aim of drastically cutting the amount of paper used in these processes.

  During 2015, the Company continued to work on systematic work projects that it has developed in recent years, with the aim of maintaining and improving the sustainable environmental management of its activities and facilities.

  - **Ecodesign applied to packaging**

  The optimization of the packaging of products ready for sale using ecodesign techniques has allowed the Company to make quantitative and qualitative improvements at this level.

  These resource optimization techniques have allowed DIA gets to reduce the size and weight of cardboard sheets (without affecting to the logistic function of the packaging) and simplify the styles and finishes, allowing DIA to eliminate the use of varnishes and reduce the amount of ink used in their packaging.

In the same way, DIA managed to reduce its environmental impact, as the use of single-material packaging allows it to optimise the re-use or recycling of materials and boost the use of cardboard instead of plastic.

In addition, DIA is also working on ensuring that the size of its packaging is aligned with the logistics optimisation, allowing for more efficient transport and thus a reduction in emissions.

Some of these packaging optimization initiatives are included in the biennial plans relating to container and packaging prevention presented to the Ecoembes organization, which audits and validates the measures adopted and the quantitative improvements made.

- **Gestión eficaz de residuos**

During 2012, integrated waste management was in a testing phase in a warehouse, and in 2013 it was implemented across all of DIA's warehouses in Spain, before being rolled out across Europe during 2014-15.

Once it was rolled out across the board, the process of separating valued fractions allowed the increase of the fractions of waste used for recycling or valuation, and the decrease in the fraction of waste sent to landfill.

2.2.2. Personnel

WORKFORCE

During 2015 the workforce in the Company has grown in the extent that the business has grown.

DIA's management teams continue to stand out due to their high degree of stability and commitment, which has a significant influence on operational efficiency. This group is growing very moderately, in accordance with the Company's philosophy.

The selection and training teams for base and functional personnel have continued to do an excellent job recruiting and developing the workforce across all countries.

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.

As a result of the Company's growth due to the acquisition of Eroski and Caprabo stores in the central and southern regions of Spain, training plans for cashiers, store management and perishables section management took place for about 3,000 employees in around three months to incorporate them into the various store formats.

COMPANY-EMPLOYEE RELATION

2015 has been the year of the consolidation of measures that emerged from The Working Environment Survey for all levels and for all the professional groups, strengthening internal online communication initiatives through the Portal for store and warehouse employees in Spain with more than 200 publications and about 7,000 subscribers. Regarding internal communication, the monthly magazine is still being published, and meetings with the store managers and warehouse teams have taken place to improve workplace efficiency and team management.

Likewise, internal communication tools have been intensified with a bimonthly publication, specific for warehouse employees, taking into account logistics information and focusing on the impact of work at stores and how it affects customers.

HEALTH AND SAFETY AT WORK

Aware of the importance of health and safety for its workforce and within the framework of a responsible Human Resources policy, DIA has encouraged all its employees to participate in several initiatives with the aim of benefiting from healthier lifestyles.

Our goal during 2015 has again been to achieve a safe and healthy work environment in all areas of the company: offices, stores and warehouses. The Joint Prevention Service is working on reducing the loss ratio and improving worker safety in all of its activities.

In warehouses and stores, there is specific training in occupational risk prevention, and all employees are trained in the use of the specific machinery that they use in their jobs.

This concern for the welfare of our employees implies, for office staff, information and awareness about health and safety in the workplace, which has led to the creation of a "healthy week".

This year, DIA has taken steps to increase awareness of information security, an increasing risk given the high level of technological connectivity with which professionals work in large companies today.

EDUCATION AND TRAINING

DIA provides practical occupational and high-quality training for employees applying for jobs in stores to prepare them for the managing of a sales terminal (cash register), based on DIA's values, the basic concepts of product placement, customer service and teamwork.

In 2015, due to the extension of the business to supermarkets, it became necessary to train employees working in the fresh products sections: butchers, specialist butchers and fishmongers. These employees have been trained in their trades, with an emphasis on the workplace risks and providing them with preventive measures to observe when carrying out their daily functions.

In DIA's offices, there are two main types of training, language training (mainly English) being the main one, in addition to Spanish, Chinese and French, which are important for negotiations with international suppliers, and for internal communication globally.

The second main type of training is technical, which is given to a large proportion of the workforce, focusing on specific workplace knowledge and with a significant focus on IT tools, which support the Company's internal processes, rendering them more efficient.

During 2015 we have promoted e-learning language training (English) and time management training to improve productivity. In addition, we launched a Welcome Manual for the head office. Through an interactive application, employees can find out more about our company, the new office facilities, work tools, the company's rules and the values, etc.

In June 2015, the first International Program of the Director Development of DIA (IPDD) was completed. This program is aimed at Directors with potential across the Company, and in October 2015 the second program started, with a new group of Directors. Both the first and second programs involved 20 people from different areas and countries of the company. This executive training is given in an in-company format by a business school of international prestige. This initiative is considered to be a key tool in the development of our management potential.

DIVERSITY AND EQUAL OPPORTUNITIES

For the fourth consecutive year, DIA celebrated on 3 December 2015 the International Day of disabled people, contributing to the integration of the people with various disabilities. DIA works closely with various Foundations and Associations, particularly the ONCE Foundation with which DIA signed a collaboration agreement in 2012 for the integration of people with different disabilities in our company through practices, direct hiring or indirect hiring

of goods and services by the Special Employment Centres (companies that have a minimum of 70% of disabled people in their workforce).

DIA is committed to equal work opportunities, with a balanced presence of female employees, accounting for 68% of total employees. In management positions, women account for 34% of the workforce at Company level.

On 14 July, the Company became a member of the initiative "Companies for a society free of gender violence" promoted by the Department of Health, Social Services and Equality, with the signing of the Agreement of Collaboration in matters of greater awareness of gender violence.

On 25 November, on the Day against gender violence, there were several activities to increase the awareness of DIA employees, such as: the printing and distribution on DIA's plastic store bags of the Department of Health slogan "There is way out of gender violence", the distribution of more than 14,500 badges among the workforce at the headquarters and in the Clarel and DIA store networks, which employees wore during the week from 23 to 29 November. There was also a campaign called "There is way out of social networks", which was on the Employee Portal and Intranet.

PERFORMANCE AND REMUNERATION

The Company has performance evaluation mechanisms for 100% of its employees. Store and warehouse employees are evaluated based on performance, workplace productivity and personal objectives. Office employees have objectives focused on personal performance and aligned with the company's objectives.

During 2015, DIA initiated a process of review and change of performance evaluation systems with the aim of increasing the identification and acknowledgment of talent across the organization, to improve the tool as an instrument for the occupational development of employees and to increase the weight of the DIA Group's values in employees' daily decision-making and the behaviour

The Company continued to develop system its talent management system for the key positions of the organization, with a special emphasis on the development of horizontal careers, coaching and the role of the boss as developer of people. It also implemented a cutting-edge technological solution in the market to support the process and to make it more accessible and productive for users.

The remuneration policy is established by Group Management, in accordance with the market, inflation, trade union agreements and collective bargaining.

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

- Moderation and adaptation to the trends and references in matters of remuneration followed in companies of similar sizes and activity of a local way, aligning them with the best practices in the market.
- Reward of the quality, dedication, responsibility, knowledge of the business and commitment to the Company of employees in key positions and leading the organization.
- Close links between the company's remuneration and results, so that the weight of variable remuneration is adapted to effectively reward the attainment of objectives as well as the contribution of value to the Company and its shareholders.
- Internal equity and external competitiveness.

3. LIQUIDITY AND CAPITAL RESOURCES

3.1. Liquidity

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

As of 31 December 2015, available liquidity amounted to EUR914.1m, including cash, cash equivalents and available credit facilities.

Liquidity Analysis (EURm)			
Class	Total	Used	Avaible
Revolving credit lines	700.0	300.0	400.0
Credit lines	188.6	126.1	62.5
Cash and other cash equivalents	25.5	-	25.5
TOTAL	914.1	426.1	488.0

3.2. Capital Resources

The Company has invested in recent years an amount close to EUR350m excluding the acquisitions of shares and a number of stores from competitors. The strategy strategy is focused on investing mainly in markets with higher returns and in store openings.

DIA 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 Company has carried out certain operations not included in the balance sheet and that can imply 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 Company at 2015 closing that can affect its liquidity amount to EUR218.2m (2014: EUR220.8m). The most significant item corresponds to lease contracts commitments signed for the premises where the Company develops its activity.

Lease contract commitments of premises amounted to EUR116.0m (2014: EUR110.4m).

The Company has obligations related to furniture and equipment rental (vehicles, equipment, cleaning contracts…) amounting to EUR5.6m as for at 31 December 2015 (EUR5,6m at 31 December 2014).

The rest of obligations are classified between Treasury and Expansion operations, for an amount of EUR 94.5m at 31 December 2015 (EUR104.9m at 31 December 2014). These operations include primarily call and put options for properties, mainly warehouses, and obligations related to commercial operations and contracts, mainly with franchisees.

The Company has also received commitments that can involve a future cash inflow for an amount of EUR801.3m (EUR1,214.2m at 31 December 2014). These received commitments are related to Treasury and include the amounts of the credit facilities, revolving credit and confirming credit, granted and unused. The decrease in these commitments between years 2015 and 2014 has been caused by the amount used of the syndicated loan agreement signed by the Company with various financial institutions for an amount of EUR400m and the increased in confiming lines.

With these credit facilities, the Company 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

4.1.1 RISK OF LIABILITY FOR DEFECTIVE PRODUCTS

DIA's business is susceptible to personal liability risks inherent in the trade of food and non-food products. Although DIA is not the direct producer of any of the products distributed, there is no guarantee that responsibility claims may not be issued against the Company.

Product safety and quality are essential to maintain consumer trust. The loss of optimum conditions of product safety and quality may cause a loss of trust that would lead to a loss of customers and a negative impact on the "DIA" brand and its reputation. All these effects would have an impact on the "sales" account.

To mitigate this risk, DIA has implemented a quality management program that includes the following areas:

- Selection of suppliers: During the final selection stage of private-label suppliers, candidates must pass a strict initial homologation audit that guarantees the safety of all the factories where DIA products are manufactured.
- All these audits to private label suppliers follow DIA's own standards or well-recognized standards such as IFS and BRC.
- Thanks to auditing, the general management of activities, space and equipment, and specific conditions of production and quality management system are evaluated.
- Regular supplier audits are also performed once the product is placed in the market, to guarantee quality and safety.

- Product definition and validation: After taking the decision to develop an own-brand product, the product is technically defined using the Technical Sheet. Also, a consumer tasting needs to be passed that evaluates consumer perception of the sensory and design characteristics of the products.
- All DIA product tastings are carried out following the UNE 87004:1979, UNE 87023:1995 rules.

- Control of the finished product: once the product is developed and placed in the market, there is a Control Plan through internal analysis carried out in the Quality Laboratories of the warehouses and external analysis in external authorized Laboratories.

- Ensure the quality of the entire chain: Quality audits in warehouses and stores (sanitary, cold chain and cleaning) are carried out in order to allow the Company to identify and correct in advance any circumstance that could affect the processes, to guarantee the safety and quality of the products throughout the entire supply chain and to offer customers a safe and quality product.

DIA's Quality Management System has been certified under ISO 9001: 2008 since 2006. As every year, in 2015 DIA successfully passed the external audit that revalidates our certification, which guarantees the correct performance of the Quality Management System.

Moreover, to mitigate risks, DIA has a specific insurance policy with appropriate coverage on personal liabilities due to defective products.

4.1.2 RISKS ASSOCIATED WITH PROVISIONING, PRODUCTION AND DISTRIBUTION

Products sold by DIA are mainly manufactured or sourced in the country where the business is carried out, or in neighbouring countries, which leads to a risky situation in countries that are more exposed to political or economic instability, high labour conflicts and environment disasters.

As some DIA products are perishables, an inaccurate assessment of demand or the impossibility of keeping products in stock may complicate stock management and have a negative impact on the Companies' operating results.

Regarding product distribution, DIA relies on several transport and distribution contracts (activities entirely carried out by third parties). Any significant interruption in the normal operation of the transport network or the insolvency of suppliers and transporters may cause delays in the distribution of products and eventual stock-outs in stores. Additionally, the failure to fulfill the tax and Social Security obligations by the transport company may result in additional costs for DIA when it is considered as the subsidiary responsible in countries where it is required by law.

The non-compliance of the deliveries or tasks, the delay in the deliveries or tasks and any additional cost due to these delays or failures by suppliers or transporters, may lead to additional costs and have a negative impact on DIA's business.

To mitigate the above risks, the Company has several management systems and tools:

- DIA's competitive strategy is based on operating efficiency across the entire value chain, with the use of high technology logistics and information systems.
- In relation to the transport of goods from the DIA Group logistic platforms to stores, a standard contract is used to hire the transport companies that are responsible for the loading, transportation and unloading of goods. This contract establishes the internal rules required for the performance of the service in terms of quality and prevention of workplace risks.
- A strict and ongoing control procedure has been established to ensure the tax and employment obligations of the transporters.
- To reduce risks in case of conflicts with transport companies, DIA Group has a policy of diversification and distribution of the warehouse bulks among a significant number of companies. Thus, a specific problem can be quickly solved by the others or by new companies, reducing the impact on DIA's business.
- Furthermore, DIA has established binding corporate rules to be accomplished by the entire DIA Group to guarantee quality throughout the supply chain, as well as contingency plans and diversification of operations. All these procedures allow to the necessary action plans to be implemented immediately in the event of incidents that pose a risk to DIA's business.
- Logistics platforms and warehouses are provided with software that gives real-time information about the stock and allows a production and transport daily plan to be established.
- For the management of stores, DIA Group has developed an Automatic Order software tool (APT2) which automatically places the store order for each item, according to the stock, sales forecasts, expiration dates and characteristics of implementation in stores. This tool also optimizes truck loading, improving transport cost and is flexible in the event of changes in the service model.

4.1.3 Regulatory Risk

DIA'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 regulatory requirements applicable in each jurisdiction may present a significant challenge from an operational point of view, by requiring that the DIA adjust its business to varying regulatory schemes.

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

DIA is responsible for identifying, measuring and minimizing legal risks, continuously observing the applicable regulatory framework and reporting on compliance with legal obligations to the internal operations heads.

To develop and properly fulfil this function, the Company has an organizational structure consisting of Human Resource Management, Financial and Fiscal Management and Legal Departments in all jurisdictions in which it operates, which identify applicable regulations and monitor compliance.

To properly perform the functions of identification of the regulatory and supervisory framework of compliance, the DIA has undertaken the following actions:

1.- Establishment of a process control and monitoring rules.

DIA has what has been termed a "regulation map", which identifies and details all regulations applicable to DIA, with a focus on key legislation in the main processes of the supply chain, and which has been classified into six sections:

- legislation applicable to the negotiating process of the product: the DIA relationship with its suppliers of services and goods, competitors, regulatory boards, brands, etc.;
- legislation applicable to the logistics activity: 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 leases, condominiums, local taxes, business hours, etc.;
- legislation applicable to the relationship between DIA and its customers, protection of personal data, consumption, methods of payment, advertising and sales promotion, etc.;
- legislation applicable to the DIA, as a listed company, on stock market issues, internal code of conduct, etc.

Those responsible for monitoring are also responsible for informing the rest of the Company on the content and scope of the new and/or regulatory changes, designing and holding training sessions, either in classroom or e-learning mode, when legislative developments have a significant impact on the activity of DIA.

The said persons have established a procedure for monitoring and updating policy and communication to carry out this function, and have defined the 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.- Implementation of Regulatory System Compliance.

DIA has established policies and procedures to inform and train employees on certain principles of behaviour and to prevent and detect misconduct. It is worth noting the existence of the DIA Code of Ethics and the creation of an Ethics Consultation and Information Channel, as well as the implementation of a plan or model of crime prevention in the Company.

(i) Code of Ethics and Ethics Consultation and Information Channel

The DIA Board of Directors approved the second Code of Ethics (available at www.diacorporate.com), a result of consensus and a reflection of the diversity within DIA. The Company has decided that the Code of Ethics is the best instrument to implement an enforcement policy from the top down, leading by example for employees with certain types of conduct or behaviour. As with the other standards defined by the Company, all employees must comply with the principles of conduct contained in this Code.

DIA has also established an Ethics Consultation and Information Channel (via email and postal address) at group level and at the level of each jurisdiction in which DIA operates 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, advertising its existence and overseeing its proper functioning.

(ii) Crime Prevention Model in Spain

DIA has implemented a model of crime prevention 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 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 to mitigate risks.

Also, the organization has designated 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

DIA has an Anti-fraud program in Spain.

Following the same methodology as for the Crime Prevention Model, we have analysed the activities of the 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, the organization has designated 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

DIA'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 business units.

DIA'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 Company's 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, DIA arranges various interest rate hedges to mitigate its risk exposure. At 31 December 2015, there were no outstanding derivatives with external counterparties to hedge the interest rate of long-term financing. At the end of 2014, the nominal value amounted to EUR215m, maturing in 2015.

At the end of year 2015 the hedge percentage on the gross debt volume stands at 78.70% versus a hedge of at 80.32% the previous year.

DIA's 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 have a positive or negative impact on the consolidated accounts. DIA seeks to minimize the risk through the negotiation of forward currency contracts managed by the Group's Treasury Department. In 2015, the amount of annual purchases in foreign currencies, mainly in US dollars, was USD5,359m (2014: USD5,862m). The hedged transactions carried out accounting for 99.99% of the hedge in both years. At year-end, outstanding hedges totalled USD1,284m and expire in the next twelve months (2014: USD1,549m).

- Subsidiaries

DIA 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 Reals is mitigated primarily through borrowings in the corresponding foreign currencies.

C- Risk on financial instruments

With effect from 21 January 2015, the company signed an extension to the Equity Swap contract with expiry date 21 January 2016 of 1,000,000 shares. On 30 September 2015, the Parent renewed another equity swap contract whereby the latter acquired 6,000,000 own shares with expiry date 30 September 2016. Both operations have been performed to meet 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 of the Consolidated Annual Accounts. The derivative financial instrument is registered in the consolidated Net Equity.

4.2.2. Credit risk

DIA is not significantly exposed to credit risk. The Company 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, DIA 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

As of the date of formulation of the annual consolidated accounts and the consolidated management report of this fiscal year, the Board of Directors of DIA informed about the proposal to appoint Ms. Angela Spindler as external independent director on an interim basis, filling the vacancy created by the resignation of Mr. Nicolas Brunel on 17 June 2015. The appointment will be submitted for ratification at the next General Shareholders Meeting

6. INFORMATION ON THE FORESEEABLE PERFORMANCE OF THE ENTITY

In 2016, DIA expects gross sales under banner at constant currency to post high-single-digit growth.

DIA forecasts higher adjusted EBITDA (at constant currency) in 2016 than in 2015, with a positive contribution from Iberia and Emerging Markets.

The consolidated adjusted EBITDA margin in 2016 is expected to be stable in comparison with 2015.

DIA expects to deliver a strong cash flow generation in 2016 based on the positive cash inflow from working capital and lower recurrent capex, non-recurring cash items and cash taxes.

DIA budgets from EUR300m to EUR320m recurrent capex in 2016 at comparable perimeter.

DIA has set the following targets for the 2015-18 period:

1. EUR750m of cumulated Cash from Operations (adjusted EBITDA less non-recurring items less capex on an organic basis).
2. 7% organic sales CAGR (ex-currency).

7. R&D+i ACTIVITIES

Since its creation, DIA has placed a strong emphasis on developing knowledge, management methods and business models that have allowed the Company to generate sustainable competitive advantages Through franchising, DIA transfers all of its expertise to franchisees so that they can run a profitable and efficient business.

As established in the IAS 38, DIA Group includes the development costs generated internally in the assets, once the project has reached a development phase, as long as they are clearly identifiable and linked to new commercial model projects and IT developments, to the extent that it can be justified that they will result in an increase in future profit for the Company.

The costs associated with R&D+i incurred by DIA during 2015 are, as a percentage, smaller compared to the rest of the costs arising from the development of activities aligned with its social objectives.

EUR3,3m was activated during 2015, corresponding to the capitalization of the IT developments as well as EUR1,5m corresponding to the development of commercial models and assortments (EUR5,43m in 2014).

8. ACQUISITION AND DISPOSAL OF OWN SHARES

As of 31 December 2015, DIA held 8.2 million shares as treasury stock (1.3% of the equity) for the purpose of covering the different remuneration commitments the company has with directors and management.

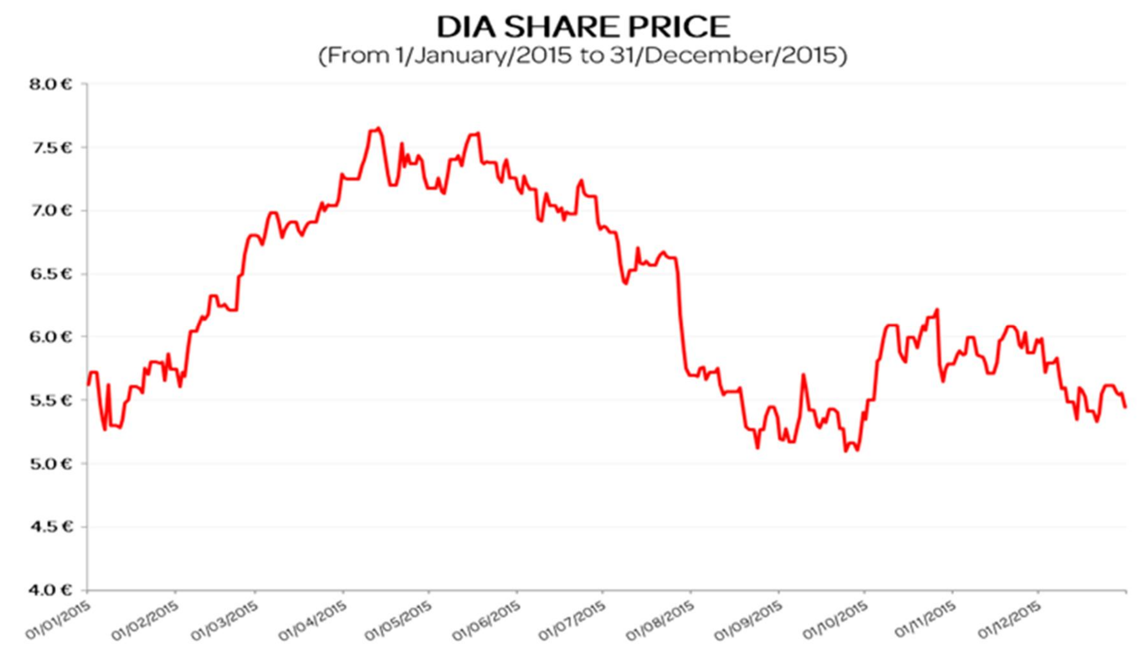
TREASURY STOCK & EPS

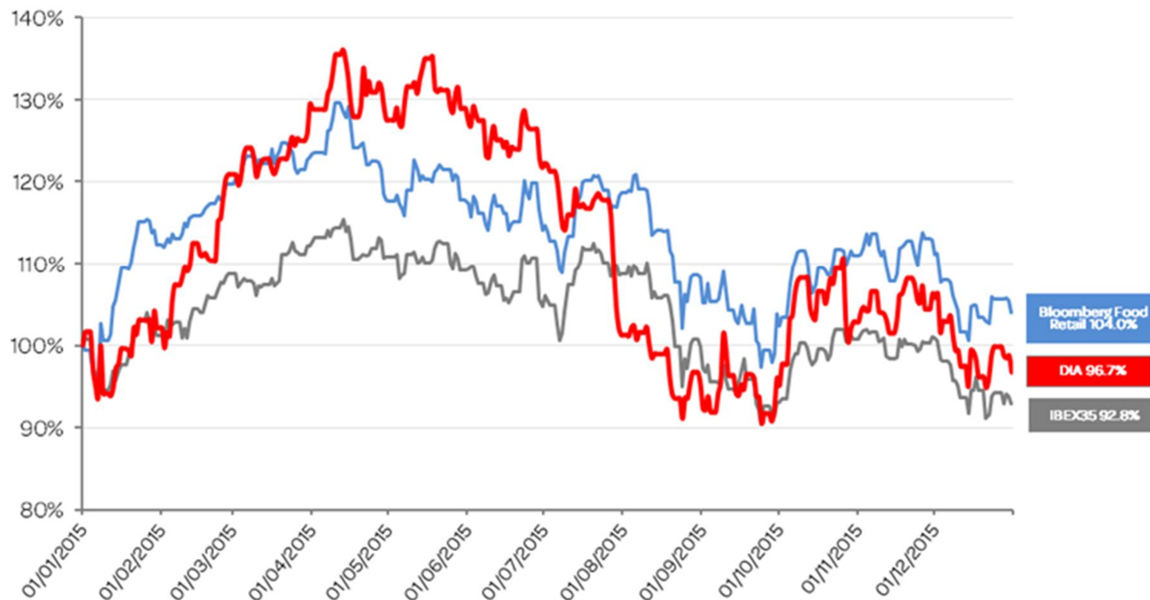
(EURm)	2014	2015	INC
Number of shares outstanding at year-end	651,070,558	622,456,513	-4.4%
Average number of treasury shares	7,647,083	18,069,243	136.3%
End of period number of treasury shares	11,508,762	8,183,782	-28.9%
WEIGHTED AVERAGE NUMBER OF SHARES	**643,423,475**	**625,945,797**	**-2.7%**
Reported EPS	€0.512	€0.478	-6.6%
Underlying EPS	€0.415	€0.406	-2.2%

Underlying EPS decreased by 2.2% in 2015 to EUR0.406, while at constant currency it declined by 1.1%. With this 2015 underlying EPS, the total CAGR 2012-15 was 12.2% in current terms and 14.1% ex-currency. These growth rates are well ahead of the double-digit growth (ex-currency) that DIA targeted for the 2012-15 three-year period.

9. OTHER RELEVANT INFORMATION

9.1. Stock market information





During 2015, DIA's share fell by 3.3%, versus the 4% appreciation recorded in the Bloomberg Food Retail Index and outperforming the 7.2% drop recorded by the Ibex 35, the Spanish stock market's main index reference. Deflation in the European food market, especially in the first half of the year, was reflected in a poor stock market performance of all companies in the sector. During 2015, the company set a minimum price of EUR5.095 per share on 24 September and a maximum of EUR7.657 per share on 13 April, closing the year at a price of EUR5.444 per share. During 2015, the liquidity of DIA's shares remained high and with the upward trend maintained since listing, it accumulated a total of 1,594 million shares traded in the year with a total traded value of EUR9.957bn euros.

9.2. Dividend Policy

DIA has defined a Dividend Distribution Policy which consists of the distribution to its shareholders of between 40% and 50% of the underlying net profit.

Since Distribuidora Internacional de Alimentación S.A. was listed on the stock market on 5 July 2011, it has distributed four sole ordinary dividends between 2011 and 2014. The cumulated gross amount of these dividends was EUR0.58 per share, at the top of the range of the dividend policy communicated by the Company.

At the AGM in April 2016, the Board of Directors will table a dividend proposal of EUR0.20 per share, 11.1% higher than the EUR0.18 per share paid on 16 July 2015. This amount represents a 49% payout ratio over underlying net profit and will imply the distribution of a maximum amount of EUR124.5m in dividends to shareholders.

This 2015 dividend means that DIA's total shareholder remuneration since listing has now reached EUR808m, of which EUR497m in dividends and EUR311m in share buyback programs committed to capital reduction. This accumulated shareholder remuneration represents 23.8% of the company's market capitalisation at the end of 2015.

9.3. Management of credit rating

Credit rating agencies Standard and Poor's (S&P) and Moody's attributed to DIA a long-term rating of BBB- with stable outlook and Baa3 with positive outlook respectively. The Company aims to keep its corporate rating within "investment grade" range and not achieve financial leverage above 2.0x net debt on adjusted EBITDA.

9.4. Other information

DIAer informationovernance Report is part of the Directory's attributed to DIA a long-term rating of BBB- with stable outlook and Baa3 with positive outlook respectively. The Company aims to keep its corporate rating with