Distribuidora Internacional de Alimentación, S.A. and subsidiaries

Consolidated Annual Accounts

31 December 2012

Consolidated directors’ report

2012

(With Auditors’ Report Thereon)

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

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

Auditors' report on the Consolidated Annual Accounts

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

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

We have audited the consolidated annual accounts of Distribuidora Internacional de Alimentación, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated balance sheet at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As specified in note 2 to the accompanying consolidated annual accounts, the Company's directors are responsible for the preparation of the consolidated annual accounts of the Group in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of the financial information reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of Distribuidora Internacional de Alimentación, S.A. and subsidiaries at 31 December 2012 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of the applicable financial information reporting framework.

The accompanying consolidated directors' report for 2012 contains such explanations as the Directors of Distribuidora Internacional de Alimentación, S.A. consider relevant to the situation of the Group, the evolution of its business and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2012. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Distribuidora Internacional de Alimentación, S.A. and subsidiaries.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

Carlos Peregrina García

20 February 2013

Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

Consolidated Annual Accounts and Consolidated Directors' Report

31 December 2012

(With Auditors' Report Thereon)

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

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AT 31 DECEMBER2012

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (I)

for the years ended 31 December 2012 and 2011

(Expressed in thousands of Euros)

ASSETS	Notes	2012	2011
Property, plant and equipment	6	1,618,631	1,625,960
Goodwill	7.1	422,966	416,543
Other intangible assets	7.2	38,377	44,376
Investments accounted for using the equity method	11	1,303	1,599
Non-current financial assets	9.2 and 9.3	65,253	57,668
Consumer loans from financial companies	9.1	1,037	1,973
Deferred tax assets	19	54,550	58,191
Non-current assets		**2,202,117**	**2,206,310**
Inventories	13	527,066	521,926
Trade and other receivables	9.2	179,556	191,254
Consumer loans from financial companies	9.1	5,444	5,364
Current tax assets	19	80,218	61,705
Other current financial assets	9.3	30,643	18,981
Other assets	12	15,299	14,100
Cash and cash equivalents	14	350,425	289,943
Non-current assets held for sale	15	13,875	-
Current assets		**1,202,526**	**1,103,273**
TOTAL ASSETS		**3,404,643**	**3,309,583**

The accompanying notes form an integral part of the consolidated annual accounts for 2012.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (I)

for the years ended 31 December 2012 and 2011

(Expressed in thousands of Euros)

EQUITY AND LIABILITIES	Notes	2012	2011
Capital	16.1	67,934	67,934
Share premium	16.2	618,157	618,157
Reserves	16.3	(624,624)	(648,968)
Net profit for the period		157,884	98,462
Other own equity instruments	16.4	(53,089)	(37,066)
Traslation differences		(13,516)	86
Cash flow hedges		(647)	167
Equity attributable to equity holders of the Parent		152,099	98,772
Non-controlling interests	16.7	(4,436)	5,844
Total Equity		147,663	104,616
Non-current borrowings	17.1	553,112	599,656
Provisions	18	100,630	168,975
Deferred tax liabilities	19	115,509	85,614
Non-current liabilities		769,251	854,245
Current borrowings	17.1	426,623	266,146
Trade and other payables	17.2	1,758,570	1,780,233
Current tax liabilities	19	118,460	117,313
Current income tax liabilities	19	7,208	6,851
Other financial liabilities	17.3	154,687	178,287
Liabilities directly associated with non-current assets held for sale	15	22,181	1,892
Current liabilities		2,487,729	2,350,722
TOTAL EQUITY AND LIABILITIES		3,404,643	3,309,583

The accompanying notes form an integral part of the consolidated annual accounts for 2012.

CONSOLIDATED INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENTS (II)

for the years ended 31 December 2012 and 2011

(Expressed in thousands of Euros)

INCOME STATEMENT	2012	2011 (Re-expressed)
Sales	10,124,328	9,728,544
Other income	136,651	114,953
TOTAL INCOME	10,260,979	9,843,497
Goods and other consumables used	(8,104,512)	(7,752,534)
Personnel expenses	(813,559)	(803,687)
Operating expenses	(755,971)	(779,770)
Amortisation and depreciation	(279,115)	(277,388)
Impairment	(8,196)	(9,022)
Losses on disposal of fised assets	(12,061)	(4,295)
RESULTS FROM OPERATING ACTIVITIES	287,565	216,801
Finance Income	8,367	8,614
Finance expenses	(59,514)	(44,006)
Profit of financial instruments	18,196	-
Profit of companies accounted for using the equity method	1,070	870
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	255,684	182,279
Income tax	(101,839)	(83,449)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	153,845	98,830
Losses net of taxes of discontinued operations	(7,459)	(4,456)
NET PROFIT	146,386	94,374
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITYHOLDERS OF THE PARENT	157,884	98,462
PROFIT FROM CONTINUING OPERATIONS	165,343	102,918
LOSSES FROM DISCONTINUED OPERATIONS	(7,459)	(4,456)
Losses from continuing operations attributable to non-controlling interests	(11,498)	(4,088)
Basic and diluted earnings per share, in euros		
Profit on continuing operations	0.25	0.15
Profit on discontinued operations	(0.01)	(0.01)
Profit for the year	0.24	0.14

The accompanying notes form an integral part of the consolidated annual accounts for 2012.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (III)

for the years ended 31 December 2012 and 2011

(Expressed in thousands of Euros)

	2012	2011
Net profit for the period	**146,386**	**94,374**
Other comprehensive income:		
Translation differences of financial statements of foreign operations	**(13,142)**	**(2,969)**
	(13,142)	(2,969)
Cash flow hedges	**(1,162)**	**267**
Tax effect	**348**	**(80)**
	(814)	187
Other comprehensive income, net of income tax	**(13,956)**	**(2,782)**
Total comprehensive income, net of income tax	**132,430**	**91,592**
Attributed to:		
Equityholders of the Parent	**143,468**	**94,141**
Non-controlling interests	**(11,038)**	**(2,549)**
	132,430	**91,592**

The accompanying notes form an integral part of the consolidated annual accounts for 2012.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (IV)

for the years ended 31 December 2012 and 2011

(Expressed in thousands of Euros)

	Equity attributable to equityholders of the Parent									
	Registered capital	Share premium	Reserves and accumulated earnings	Other own equity instruments	Cash flow hedges	Translation differences	Other equity holder constributions	Equity attributable to the Parent	Minority interests	Total equity
At 1st January 2011	**3,899**	**848,533**	**(443,247)**	**-**	**(20)**	**4,594**	**16,524**	**430,283**	**(7,794)**	**422,489**
Net profit/(loss) for the period	-	-	98,462	-	-	-	-	98,462	(4,088)	94,374
Other comprehensive income net of income tax	-	-	-	-	187	(4,508)	-	(4,321)	1,539	(2,782)
Translation differences of financial statements of foreign operations	-	-	-	-	-	(4,508)	-	(4,508)	1,539	(2,969)
Cash flow hedges	-	-	-	-	187	-	-	187	-	187
Total comprehensive income for the period	**-**	**-**	**98,462**	**-**	**187**	**(4,508)**	**-**	**94,141**	**(2,549)**	**91,592**
Transactions with equityholders or owners	64,035	(230,376)	(205,721)	(37,066)	-	-	(16,524)	(425,652)	16,187	(409,465)
Issuance of shares	64,035	(64,035)	-	-	-	-	-	-	16,093	16,093
Distribution of dividends	-	(166,341)	(202,259)	-	-	-	-	(368,600)	-	(368,600)
Issuance of share-based payments	-	-	-	2,085	-	-	2,332	4,417	-	4,417
Cancellation of share-based payments	-	-	19,839	-	-	-	(20,537)	(698)	-	(698)
Transactions with own shares or equity holdings	-	-	22	(39,151)	-	-	-	(39,129)	-	(39,129)
Companies fully consolidated for the first time	-	-	(23,323)	-	-	-	1,681	(21,642)	94	(21,548)
At 31st december 2011	**67,934**	**618,157**	**(550,506)**	**(37,066)**	**167**	**86**	**-**	**98,772**	**5,844**	**104,616**
At 1st January 2012	**67,934**	**618,157**	**(550,506)**	**(37,066)**	**167**	**86**	**-**	**98,772**	**5,844**	**104,616**
Net profit/(loss) for the period	-	-	157,884	-	-	-	-	157,884	(11,498)	146,386
Other comprehensive income net of income tax	-	-	-	-	(814)	(13,602)	-	(14,416)	460	(13,956)
Translation differences of financial statements of foreign operations	-	-	-	-	-	(13,602)	-	(13,602)	460	(13,142)
Cash flow hedges	-	-	-	-	(814)	-	-	(814)	-	(814)
Total comprehensive income for the period	**-**	**-**	**157,884**	**-**	**(814)**	**(13,602)**	**-**	**143,468**	**(11,038)**	**132,430**
Transactions with equityholders or owners	-	-	(72,608)	(16,023)	-	-	-	(88,631)	758	(87,873)
Distribution of dividends	-	-	(72,498)	-	-	-	-	(72,498)	-	(72,498)
Issuance of share-based payments	-	-	-	7,595	-	-	-	7,595	-	7,595
Transactions with own shares or equity holdings	-	-	148	(23,618)	-	-	-	(23,470)	-	(23,470)
Companies fully consolidated for the first time	-	-	(258)	-	-	-	-	(258)	758	500
Other variations of the Equity	-	-	(1,510)	-	-	-	-	(1,510)	-	(1,510)
At 31st december 2012	**67,934**	**618,157**	**(466,740)**	**(53,089)**	**(647)**	**(13,516)**	**-**	**152,099**	**(4,436)**	**147,663**

The accompanying notes form an integral part of the consolidated annual accounts for 2012.

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF CASH FLOWS (V)

for the years ended 31 December 2012 and 2011

(Expressed in thousands of Euros)

	Notes	2012	2011 (Re-expressed)
Operating activities			
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		255,684	182,279
Loss before tax from discontinued operations		(7,459)	(4,456)
Profit before income tax		*248,225*	*177,823*
Adjustments for:		*269,381*	*315,085*
Amortisation and depreciation	21.5	279,115	277,388
Impairment	21.5	8,196	9,022
Loss/(gains) on disposal of fixed assets	21.6	12,061	4,295
Loss/(gains) on disposal of financial instruments operations		(18,196)	-
Finance income	21.7	(8,367)	(8,614)
Finance expenses	21.7	59,514	44,006
Net provisiones (reversals) and grants		(72,961)	(17,171)
Other adjustments		11,089	6,159
Profit/(loss) of companies accounted for using the equity method net of dividends	11	(1,070)	-
Adjustments to working capital:		*(93,884)*	*(23,235)*
Changes in trade and other receivables		16,471	(10,130)
Changes in inventories		(9,847)	20,112
Changes in trade and other payables		(1,514)	53,347
Changes in consumer loan and refinancing commitments		856	1,008
Changes in other assets		(6,176)	(5,301)
Changes in other liabilities		(5,964)	10,341
Changes in assets held for sale and liabilities		1,110	(3,699)
Current income tax paid		(88,820)	(88,913)
Cash flows from operating activities		*423,722*	*469,673*
Investing activities			
Acquisition of intangible assets	7.1 and 7.2	(9,565)	(15,714)
Acquisition of property, plant and equipment	6	(321,522)	(334,187)
Acquisition of financial instruments		(10,224)	(6,352)
Disposals of intangible assets		82	3,586
Development cost	7.2	(668)	-
Changes in Fixed Assets Suppliers		(21,542)	(4,203)
Disposals of property, plant and equipment	21.6	4,114	10,777
Payments (collections) for other financial assets		(5,449)	33,030
Interest received		24,673	7,116
Other adjustment in transfers to assets held for sale and liabilities		221	449
Acquisition of subsidiaries net of cash acquired		-	(38,620)
Cash flows used in investing activities		*(339,880)*	*(344,118)*
Financing activities			
Dividends distributed to shareholders of the Parent		(72,498)	(368,600)
Acquisition of own shares	16.4a)	(23,971)	(39,400)
Acquisition of non-controlling interests		-	(198)
Contributions from non-controlling interests		-	16,093
Borrowings made/repaid		111,365	315,762
Payments (collections) for other financial liabilities		(2,768)	(28,159)
Interest paid		(55,468)	(42,448)
Other adjustment in transfers to assets held for sale and liabilities		1,320	(25,435)
Cash flows used in financing activities		*(42,020)*	*(172,385)*
Net changes in cash and cash equivalents		*41,822*	*(46,830)*
Net exchange gains		18,660	19,931
Cash and cash equivalents at 1st January	14	*289,943*	*316,842*
Cash and cash equivalents al 30th June	14	*350,425*	*289,943*

The accompanying notes form an integral part of the consolidated annual accounts for 2012.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2012

Notes to the Consolidated Annual Accounts for 2012 (VI)

1. NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

Distribuidora Internacional de Alimentación, S.A. (hereinafter the Parent or DIA) was incorporated as a public limited liability company (sociedad anónima) for an unlimited period under Spanish law on 24 July 1966, and has registered offices in Las Rozas (Madrid).

On 25 March 2011, the sole shareholder, exercising the powers of shareholders at an annual general meeting, approved an amendment to DIA's statutory activity to the following:

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

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

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

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

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

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

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

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

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

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

Until 5 July 2011 the Parent and its subsidiaries formed part of the Carrefour Group, the Parent of which is Carrefour, S.A., domiciled in Paris. As described in notes 16.1 and 23, on 1 July 2011 Carrefour S.A. acquired the entire share capital of DIA from the Carrefour Group company Norfin Holder, S.L. As a result of this transaction, Carrefour, S.A. became the direct shareholder of the Parent. On 5 July 2011, DIA's shares were distributed to the holders of Carrefour, S.A. shares at the previous day's trading close. On that date, 100% of DIA shares began trading on the Spanish Stock Exchanges and the DIA Group ceased to form part of the Carrefour Group.

Distribuidora Internacional de Alimentación, S.A. is the parent of a group of subsidiaries (hereinafter the DIA Group or the Group) which are all fully consolidated, except for Bladis SAS, which is accounted for using the equity method. On 5 July 2012 DIA France, which changed its name from ED SAS during the year, purchased the interests held by minority shareholders in Proved SAS, increasing its stake in this company from 50% to 100%. Also in 2012, DIA World Trade, S.A., which was incorporated in 2011, began operating in the first half of the year. Details of the DIA Group's subsidiaries, as well as their activities, registered offices and percentages of ownership are as follows:

Name	Location	Activity	% interest 2012	% interest 2011
DIA Portugal Supermercados, S.U, Lda.	Lisbon	Food distribution.	100.00	100.00
DIA Argentina, S.A.	Buenos Aires	Wholesale and retail distribution of food products.	100.00	100.00
Diasa DIA Sabanci Supermarketleri Ticaret, A.S.	Istanbul	Wholesale and retail distribution of consumer products.	60.00	60.00
DIA Brasil Sociedade Limitada	Sao Paulo	Wholesale and retail distribution of consumer products.	100.00	100.00
Finandia, E.F.C., S.A.U.	Madrid	Loan and credit transactions, including consumer loans, mortgage loans and finance for commercial transactions, and credit and debit car issuing and management.	100.00	100.00
DIA Tian Tian Management Consulting Service & Co. Ltd.	Shanghai	Services consultancy.	100.00	100.00
Shanghai DIA Retail Co. Ltd.	Shanghai	Wholesale and retail distribution of consumer products.	100.00	100.00
Beijing DIA Commercial Co. Ltd. (***)	Beijing	Wholesale and retail distribution of consumer products.	100.00	100.00
Twins Alimentación, S.A.U.	Madrid	Distribution of food and toiletries through supermarkets.	100.00	100.00
Pe-Tra Servicios a la distribución, S.L.U.	Madrid	Leasing of business premises.	100.00	100.00
DIA France	Vitry sur Seine	Wholesale and retail distribution of consumer products.	100.00	100.00
Inmobiliere Erteco SAS	Vitry sur Seine	Leasing of business premises.	100.00	100.00
ED Franchise SAS	Vitry sur Seine	Franchise management.	100.00	100.00
Proved SAS (*)	Annecy	Wholesale and retail distribution of consumer products.	100.00	50.00
Voiron Distribution SAS (*)	Annecy	Wholesale and retail distribution of consumer products.	100.00	50.00
Erteco SAS (*)	Vitry sur Seine	Management and brand licencing.	100.00	100.00
Bladis, SAS (*)	Chaleaurenard	Sale of fruit and vegetables.	33.33	33.33
Campus DIA SAS (**)	Annecy	Training.	100.00	100.00
DIA World Trade, S.A. (**)	Geneva	Provision of services to suppliers of DIA Group companies.	100.00	100.00

(*) On 2 May 2011, the subsidiary DIA France acquired all the shares of Erteco, SAS and its subsidiary Bladis SAS from Carrefour S.A. for Euros 40,000 thousand. Bladis SAS is accounted for using the equity method (see notes 4 and 11).

(**) Campus DIA SAS and DIA World Trade, S.A. were incorporated in 2011.

(***) Beijing DIA Commercial Co.Ltd. is presented under discontinued operations in the consolidated income statements.

2. BASIS OF PRESENTATION

2.1. Basis of preparation of the consolidated annual accounts

The directors of the Parent have prepared these consolidated annual accounts on the basis of the accounting records of Distribuidora Internacional de Alimentación S.A. and consolidated companies and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, to present fairly the consolidated equity and consolidated financial position of Distribuidora Internacional de Alimentación S.A. and subsidiaries at 31 December 2012 and consolidated results of operations and consolidated cash flows and changes in consolidated equity for the year then ended.

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

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

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

- Business combinations: the Group has not re-estimated the business combinations carried out prior to 1 January 2004.
- Cumulative translation differences: the Group recognised the cumulative translation differences of all foreign businesses prior to 1 January 2004 at zero, and transferred the related balances to reserves at that date.
- Financial instruments: the Group opted to apply IAS 32 and IAS 39 from 1 January 2004.

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

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

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

The DIA Group's consolidated annual accounts for 2012 were prepared by the board of directors of the Parent on 20 February 2013 and are expected to be approved in their present form by the shareholders of the Parent at their ordinary general meeting.

2.2. Comparative information

The consolidated statement of financial position, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for 2012 include comparative figures for 2011, which formed part of the consolidated annual accounts approved by the shareholders of the Parent at the ordinary general meeting held on 13 June 2012.

During 2012 the Group decided to dispose of its business in Beijing (China). The different accounts corresponding to this business have therefore been recognised under net loss from discontinued operations in the consolidated income statement for 2012, and 2011 figures have been restated accordingly (see note 15).

2.3. Functional and presentation currency

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

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

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

a) Relevant accounting estimates and assumptions

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount (see note 3 (h)). The Group tests goodwill for impairment on an annual basis. The calculation of the recoverable amount of a country group of CGUs to which goodwill has been allocated 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 Group generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on five-year projections in the budgets approved by management. The cash flows take into consideration past experience and represent management's best estimate of future market performance. From the fifth year cash flows are extrapolated using individual growth rates. The key assumptions employed when determining fair value less costs to sell and value in use include growth rates and the weighted average cost of capital. These estimates, including the methodology used, could have a significant impact on values and impairment (see note 7).

The Group evaluates the recoverability of deferred tax assets recognised by certain subsidiaries based on the business plans of the Parent or of the tax group to which the subsidiary in question belongs, and has recognised 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, management estimates the amounts and dates on which future taxable profits will be obtained and the reversal period of temporary differences.

The shareholders general meeting has approved non-current employee benefit plans settled in Parent own shares. Beneficiaries were informed of the plan regulations on 11 June 2012. Management of the Parent has estimated the total obligation derived from these plans and the part of this obligation accrued at 31 December 2012 based on the extent to which the conditions for receipt have been met (see note 20).

The Group is undergoing legal proceedings and tax inspections in a number of jurisdictions, some of which have been completed by the taxation authorities and additional tax assessments have been appealed by the Group companies at 31 December 2012. The Group recognises a provision if it is probable that an obligation will exist at year end which will give rise to an outflow of resources and the outflow can be reliably measured. As a result, management uses significant judgement when determining whether it is probable that the process will result in an outflow of resources and estimating the amount (see note 19).

b) Changes in accounting estimates

Although estimates are calculated by management based on the best information available at 31 December 2012, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

2.5. First-time application of accounting standards

The Group has applied all standards effective as of 1 January 2012. The application of these standards has not required any significant changes in the preparation of this year's consolidated annual accounts.

IAS 19 Employee Benefits, which is effective for annual periods beginning on or after 1 January 2013, has been adopted early (see note 18.1). The application of this standard must be made retroactively, however, the Group has not restated figures for 2011 and earlier for not considering the impact of the application of the standard material.

2.6. Standards and interpretations issued and not applied

At the date of publication of these consolidated annual accounts, the following standards have been issued but have not entered into force. The Group expects to adopt these standards as of 1 January 2013 or thereafter:

- IFRS 13 Fair Value Measurement. Effective for annual periods beginning on or after 1 January 2013.
- IFRS 7 Financial Instruments: Disclosures. Changes to disclosure requirements on the offsetting of financial assets and financial liabilities. This standard applies to years starting on or after 1 January 2013.
- IFRS 10 Consolidated Financial Statements. Effective for annual periods beginning on or after 1 January 2014.
- IFRS 11 Joint Arrangements. Effective for annual periods beginning on or after 1 January 2014.

The Group has not early adopted any of these standards or amendments and is currently analysing the impact of applying these standards, rectifications and interpretations. Based on its analyses to date, the Group estimates that first-time application will not have a significant impact on the consolidated financial statements.

2.7. Basis of consolidation

Subsidiaries are entities over which the Parent, either directly or indirectly, exercises control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is assumed to exist when the Parent holds over 50% of the subsidiary's voting rights.

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

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

The Group has applied IFRS 3 Business Combinations, revised in 2008, to all transactions detailed in these annual accounts.

The Group applies the purchase method for business combinations.

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

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

Non-controlling interests in the acquiree are recognised at the proportionate interest in the fair value of the net assets acquired. These criteria are only applicable for non-controlling interests which grant entry into economic benefits and entitlement to the proportional part of net assets of the acquiree in the event of liquidation. Otherwise, non-controlling interests are measured at fair value or value based on market conditions. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. The Group also recognises indemnification assets transferred by the seller at the same time and following the same measurement criteria as the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

The excess between the consideration transferred, plus the value assigned to non-controlling interests, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Where applicable, any shortfall, after evaluating the consideration transferred, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

b) Investments in associates

The DIA Group's investments in companies over which it exercises significant influence (whether because it holds an interest of between 20% and 50%, or is represented on the board of directors, or through shareholder agreements) but does not exercise control or manage the entity jointly with third parties are accounted for using the equity method. The carrying amount of the investment in the associate includes goodwill and the consolidated income statement reflects the Group's share in the results from the associate's operations. If the associate recognises profits or losses directly in its equity, the Group also recognises its share of these items directly in equity.

c) Non-controlling interests

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

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

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

d) Translation of foreign operations

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

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

These criteria are also applicable to the translation of the financial statements of equity-accounted companies, with translation differences attributable to the Group recognised in other comprehensive income.

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

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

e) Foreign currency transactions, balances and cash flows

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

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

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

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

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

f) Recognition of income and expenses

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

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

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

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

The Group recognises revenue from the sale of goods when:

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

g) Intangible assets

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

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

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

Internally generated intangible assets

Costs associated with development activities, which mainly relate to computer software, are capitalised to the extent that:

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

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

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

Computer software

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

Leaseholds

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

h) Property, Plant and Equipment

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

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

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

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

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

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

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

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

Buildings	40
Technical installations and machinery	4 – 7
Other installations, equipment and furniture	4 -10
Other property, plant and equipment	3 - 5

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

i) Leases

Lessee accounting records

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

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

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

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

Lessor accounting records

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

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Sale and leaseback transactions

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

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

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

When the leaseback is classed as an operating lease:

- If the transaction is established at fair value, any profit or loss on the sale is recognised immediately in consolidated profit or loss for the year;
- If the sale price is below fair value, any profit or loss is recognised immediately. However, if the loss is compensated for by future lease payments at below market price, it is deferred in proportion to the lease payments over the period for which the asset is to be used.
- If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is to be used.

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

(i) Non-current assets held for sale

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

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

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

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

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

(ii) Discontinued operations

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

- represents a separate major line of business or geographical area of operations;

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

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

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

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

k) Impairment of non-financial assets

(i) Impairment of goodwill

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

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

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

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

(ii) Impairment of other non-current assets

At the end of each reporting period, the Group assesses whether there are any indications of possible impairment of non-current assets, including intangible assets. If such indications exist, or when by their nature assets require yearly impairment testing, the Group estimates the recoverable amount of the asset, calculated as the higher of fair value less costs to sell and value in use. Value in use is determined by discounting estimated future cash flows, applying a pre-tax discount rate which reflects the value of money over time, and considering the specific risks associated with the asset. When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is considered to be impaired. In this case the carrying amount is adjusted to the recoverable amount and the impairment loss is recognised in the consolidated income statement. Amortisation and depreciation charges for future periods are adjusted to the new carrying amount during the remaining useful life of the asset. Assets are tested for impairment on an individual basis, except in the case of assets that generated cash flows that are independent of those from other assets (cash-generating units).

The Group calculates impairment on the basis of the strategic plans of the different cash-generating units to which the assets are allocated, which are generally for a period of five years. For longer periods, projections based on strategic plans are used as of the fifth year, applying a constant expected growth rate.

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

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

l) Advertising and catalogue expenses

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

m) Financial instruments – assets

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

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

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

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

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

n) Inventories

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

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

Trade discounts granted by suppliers are recognised as a reduction in merchandise and other consumables used in the consolidated income statement when it is probable that the conditions for discounts, if this is the case, to be received will be met. Unallocated discounts are recognised as a decrease on the purchase in the consolidated income statement.

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

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

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

o) Cash and cash equivalents

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

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

p) Financial liabilities

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

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

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

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

Income received from financial institutions as consideration for the acquisition of trade invoices or bills payable to the Group is recorded in other income within the consolidated income statement when accrued.

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

<u>Derivative financial products and hedge accounting</u>

Derivative financial instruments are recognised at fair value and classified as financial assets or financial liabilities depending on whether fair value is positive or negative. Derivative financial instruments are classified as current or non-current depending on whether their maturity is less or more than twelve months. Derivative instruments that qualify to be treated as hedging instruments for non-current assets are classified as non-current assets or liabilities, depending on whether their values are positive or negative.

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

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

At the inception of the hedge the Group formally documents the hedging relationship between the derivative and the hedged item, as well as the objectives and risk management strategies applied on establishing the hedge. This documentation includes the identification of the hedging instrument, the hedged item or transaction and the nature of the hedged risk, as well as the measures taken to assess the effectiveness of the hedge in terms of covering the exposure to changes in the hedged item, whether with respect to its fair value or cash flows attributable to the risk hedge purpose. The effectiveness of the hedge is assessed prospectively and retrospectively, both at the inception of the hedging relationship and systematically over the period of allocation.

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

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

q) Parent own shares

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

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

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

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

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

r) Distributions to shareholders

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

s) Employee benefits

Defined benefit plans

Liabilities accrued on commitments for defined benefit plans are measured using the projected unit credit method. This calculation is based on demographic and financial assumptions which are determined at country level, considering the macroeconomic environment. Discount rates are determined by reference to market interest rate curves. These calculations are performed by an independent actuary.

Termination benefits

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

Restructuring-related termination benefits

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

Employee benefits

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

t) Other provisions

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

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

u) Share-based payments for goods and services

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

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

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

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

Share-based payment transactions are recognised by applying the following criteria:

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

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

The Group determines the fair value of the instruments granted to employees at the grant date. In 2012 final approval was granted for benefit plans settled in own shares of the Parent. Beneficiaries were informed of the plan regulations on 11 June 2012.

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

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

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 in Spain and other countries in which the Group operates, expenses paid by delivering of share-based instruments will be deductible during the taxable period when the delivery of the instruments took place, arisen in those cases a temporary difference as a result of the different moment between the accounting booking of the expense and its taxable deduction.

v) Grants, donations and bequests

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

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

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

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

w) Income taxes

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

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

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

Deferred taxes are obtained from an analysis of the consolidated statement of financial position, taking into consideration temporary differences which are those generated from the difference between the carrying amount of the assets and liabilities and their tax base.

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

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

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

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

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

In accordance with French tax legislation and pursuant to the French State Budget Law for 2010, enacted on 30 December 2009, French taxable entities are subject to the “Cotisation sur la valeur ajoutée des entreprises “ (CVAE, a French business tax), calculated based on the added value reflected in their financial statements.

Under IAS 12 the CVAE has been identified as an income tax, and consequently the total amount of current and deferred costs derived from the CVAE are included within income tax.

x) Segment reporting

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

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

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

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

z) Environmental issues

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

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

aa) Related party transactions

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

ab) Interest

Interest is recognised using the effective interest method, which is the discount rate used to make the carrying amount of a financial instrument equivalent to the estimated cash flows over the expected useful life of the instrument, based on contractual conditions and without considering future losses due to credit risk.

4. BUSINESS COMBINATIONS

On 2 May 2011, the subsidiary DIA France acquired all the shares of Erteco, SAS and its subsidiary Bladis SAS from Carrefour, S.A. for Euros 40,000 thousand. Bladis SAS is accounted for using the equity method (see note 1 and 11).

Details of assets and liabilities acquired in the Erteco, S.A. business combination are as follows:

Thousands of Euros	2,011
Property, plant and equipment	3
Investments accounted for using equity method	2,596
Deferred tax assets	143
Non-current financial assets	3
Non-Current Assets	2,745
Trade and other receivables	2,478
Other current financial assets	30,462
Current tax assets	608
Cash and cash equivalents	10
Current Assets	33,558
TOTAL ASSETS	**36,303**
Deferred tax liabilities	1
Provisions	193
Non-Current Liabilities	194
Trade and other payables	1,754
Other financial liabilities	4
Current tax liabilities	15,777
Current Liabilities	17,535
TOTAL LIABILITIES	**17,729**

At the date of acquisition of the interest in Erteco, S.A., both companies were part of the Carrefour Group and therefore the operation was considered a transaction under common control. In accordance with IFRS-EU rules on business combinations under common control, the Group has opted to measure the assets and liabilities of the acquired businesses at the carrying amounts at which they were recognised in the consolidated annual accounts of the Carrefour Group at the date of acquisition.

Any differences between the amounts paid and the carrying amount of the net assets acquired were adjusted in equity attributed to the Parent. Details are as follows:

Thousands of Euros	
Price paid	40,000
Value of net assets acquired	(18,574)
Adjustment to Equity	21,426

In an agreement signed with Schlecker International GmbH on 28 September 2012, the Parent agreed to acquire 100% of the share capital of Schlecker, S.A. Unipersonal ("Schlecker Spain") and, indirectly, 100% of the share capital of Schlecker Portugal, Sociedade Uniperssoal Lda. Once authorisation was obtained from the Spanish and Portuguese competition authorities, the final sale and purchase contract was signed on 1 February 2013, which is, therefore, the date on which the Parent took control over the acquired businesses**.** The Group agreed a total price of Euros 69,287,307.46 for 100% of Schlecker Spain and Schlecker Portugal's share capital and certain industrial property rights and other credit rights associated with these businesses. This price was calculated based on (a) an enterprise value of Euros 70,500,000 for Schlecker Spain, and (b) Schlecker Spain and Schlecker Portugal's respective debt and cash balances. This price has still to be adjusted using the usual mechanisms for transactions of this nature. Due to the reason that the acquired companies have not made their annual accounts for 2012, at the date of preparation of these consolidated financial statements has not been possible to determine the fair value of the assets, liabilities and contingent liabilities acquired by the Group.

5. INFORMATION ON OPERATING SEGMENTS

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

- Segment 1 comprises Spain, Portugal and Switzerland.
- Segment 2 comprises France.
- Segment 3 comprises emerging countries (Turkey, Brazil, Argentina and China).

Management monitors the operating results of its business units separately in order to make decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

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

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

Thousands of Euros at 31 december 2012	Segment 1 - Iberia -	Segment 2 - France-	Segment 3 - Emerging -	Consolidated
Sales (1)	5,117,529	2,139,544	2,867,255	10,124,328
Adjusted EBITDA (2)	456,860	93,584	59,032	609,476
% of sales	8.9%	4.4%	2.1%	6.0%
Non-current assets	1,103,846	744,352	353,919	2,202,117
Assets held for sale (3)	-	-	13,875	13,875
Liabilities	2,035,623	571,252	650,105	3,256,980
Liabilities associated with assets held for sale (3)	-	-	22,181	22,181
Acquisition of non-current assets	133,270	92,253	106,232	331,755
Number of outlets (4)	3,497	888	2,529	6,914

Thousands of Euros at 31 december 2011	Segment 1 - Iberia -	Segment 2 - France-	Segment 3 - Emerging -	Consolidated
Sales (1)	4,947,068	2,356,859	2,424,617	9,728,544
Adjusted EBITDA (2)	413,747	88,512	58,844	561,103
% of sales	8.4%	3.8%	2.4%	5.8%
Non-current assets	1,133,513	748,730	324,067	2,206,310
Liabilities	1,753,535	895,963	555,469	3,204,967
Liabilities associated with assets held for sale	1,892	-	-	1,892
Acquisition of non-current assets	120,243	138,907	90,751	349,901
Investments in associates	-	61	-	61
Number of outlets (4)	3,380	916	2,374	6,670

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

During 2012 transactions took place between segments 1 and 2 in respect of services rendered by the Parent, amounting to Euros 6,743 thousand (Euros 2,379 thousand at 31 December 2011). Sales between segments 1 and 2 total Euros 9,868 thousand. Sales between segments 1 and 3 during 2012 amounted to Euros 1,738 thousand (Euros 1,383 thousand at 31 December 2011) and services rendered by the Parent totalled Euros 9,631 thousand (Euros 10,179 thousand at 31 December 2011).

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

	Sales		Tangible and intangible assets	
Thousands of Euros	2012	2011	2012	2011
Spain	4,317,346	4,140,622	781,640	813,322
Portugal	800,183	806,446	247,173	247,972
France	2,139,544	2,356,859	733,187	730,360
Argentina	951,644	695,547	91,197	79,195
Brazil	1,350,538	1,194,371	154,364	142,187
Turkey	416,774	412,073	61,542	57,657
China	148,299	122,626	10,708	15,991
Switzerland	-	-	163	195
Total	**10,124,328**	**9,728,544**	**2,079,974**	**2,086,879**

6. PROPERTY, PLANT AND EQUIPMENT

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

Thousands of Euros	Land	Buildings	Technical installations, machinery and other fixed assets	Total
Cost				
At 1st january 2011	**184,017**	**760,945**	**2,252,436**	**3,197,398**
Additions	1,807	32,200	300,180	334,187
Disposals	(1,014)	(10,059)	(238,622)	(249,695)
Transfers	1,208	23,107	(22,253)	2,062
Additions to the consolidated group	-	1,475	7,155	8,630
Other movements	-	(2)	(450)	(452)
Translation differences	(1,991)	(7,825)	(21,371)	(31,187)
At 31st december 2011	**184,027**	**799,841**	**2,277,075**	**3,260,943**
Additions	4,332	54,399	262,791	321,522
Disposals	(262)	(8,854)	(184,777)	(193,893)
Transfers	-	35,458	(33,561)	1,897
Other movements	-	1	(904)	(903)
Transfers to assets held for sale	-	-	(18,230)	(18,230)
Translation differences	(2,822)	(16,500)	(22,280)	(41,602)
At 31st december 2012	**185,275**	**864,345**	**2,280,114**	**3,329,734**
Depreciation				
At 1st january 2011	**-**	**(198,912)**	**(1,362,786)**	**(1,561,698)**
Amortisation and depreciation	-	(32,359)	(238,081)	(270,440)
Disposals	-	5,610	221,665	227,275
Transfers	-	(5,960)	2,806	(3,154)
Additions to the consolidated group	-	(230)	(1,680)	(1,910)
Other movements	-	(126)	(1,096)	(1,222)
Translation differences	-	1,374	11,366	12,740
At 31st december 2011	**-**	**(230,603)**	**(1,367,806)**	**(1,598,409)**
Amortisation and depreciation	-	(36,154)	(235,673)	(271,827)
Disposals	-	4,452	168,232	172,684
Transfers	-	(1,631)	893	(738)
Other movements	-	(71)	(1,309)	(1,380)
Transfers to assets held for sale	-	-	9,599	9,599
Translation differences	-	2,829	9,425	12,254
At 31st december 2012	**-**	**(261,178)**	**(1,416,639)**	**(1,677,817)**
Impairment				
At 1st january 2011	**-**	**(14,454)**	**(23,825)**	**(38,279)**
Allowance	-	(3,364)	(9,453)	(12,817)
Distribution	-	1,808	3,976	5,784
Reversals	-	5,123	2,274	7,397
Other movements	-	-	33	33
Transfers	-	(609)	2,054	1,445
Translation differences	-	117	(254)	(137)
At 31st december 2011	**-**	**(11,379)**	**(25,195)**	**(36,574)**
Allowance	-	(3,870)	(11,457)	(15,327)
Distribution	-	997	5,180	6,177
Reversals	-	5,339	2,292	7,631
Other movements	-	58	(318)	(260)
Transfers	-	116	(27)	89
Transfers to assets held for sale	-	-	4,637	4,637
Translation differences	-	293	48	341
At 31st december 2012	**-**	**(8,446)**	**(24,840)**	**(33,286)**
Net carrying amount				
At 31st december 2012	**185,275**	**594,721**	**838,635**	**1,618,631**
At 31st december 2011	**184,027**	**557,859**	**884,074**	**1,625,960**

Spain accounts for Euros 104,720 thousand of the additions recognised in 2012 (Euros 95,826 thousand at 31 December 2011), mainly comprising the extension, improvement and refurbishment work required to adapt stores to the new DIA MAXI and DIA MARKET formats, as well as new store openings. Euros 85,346 thousand of the additions recognised in 2012 were located in France, where investment included both the adaptation of former ED stores to the DIA format, and additions relating to the finance leases signed for three warehouses, Le Plessis, Macon and Boisseron (Euros 129,927 thousand at 31 December 2011, for the adoptions of former ED stores to the DIA format). Other additions in 2012 are due to store openings in emerging countries, mainly Brazil and Argentina.

Disposals for 2012 and 2011 primarily comprise items replaced as a result of these improvements and disposals due to store closures. Assets with a total carrying amount of Euros 7,537 thousand were derecognised in Spain in 2012 (Euros 9,066 thousand at 31 December 2011). Disposals in France in 2012 total Euros 8,431 thousand

(Euros 10,075 thousand at 31 December 2011). Other disposals for 2012 and 2011 are related to store closures in France and the adaptation of stores in other countries in which the DIA Group operates.

In 2010 the Group re-estimated the useful lives of the assets of the ED-format stores adapted to the DIA format in France. The impact on depreciation in 2011 amounted to Euros 8,009 thousand, corresponding to 169 stores with an average carrying amount of approximately Euros 41 thousand. This year the impact on depreciation is much less significant, amounting to Euros 128 thousand.

The Group has written down the assets of certain CGUs to their value in use. In Spain this has had a net impact of Euros 791 thousand in 2012 and Euros 3,374 thousand in 2011, and in France the impact totals Euros 5,803 thousand and Euros 1,612 thousand, respectively (see note 21.5).

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

Thousands of Euros	2012	2011
Buildings	30,017	25,065
Technical installations, machinery and other fixed asset	669,381	623,340
Total	**699,398**	**648,405**

Buildings include the amount of the Seville warehouse of Twins Alimentación S.A., which is subject to a financing arrangement (see note 17.1).

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

Finance leases

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

Thousands of Euros	2012	2011
Land	5,676	4,181
Cost	5,676	4,181
Buildings	26,260	3,526
Cost	27,594	5,174
Accumulated depreciation	(1,334)	(1,648)
Technical installations, machinery and other fixed assets	-	31
Cost	9,264	9,786
Accumulated depreciation	(9,264)	(9,755)
Net carrying amount	**31,936**	**7,738**

Finance leases are for stores at which the Group's principal activities are carried out and three warehouses in France.

Finance lease contracts were signed for three warehouses in France (Le Plessis, Macon and Boisseron) during 2012. The total value of these contracts at 31 December 2012 is Euros 28,084 thousand (see note 17.1). Disposals reflect similar contracts that expired in Spain during 2012, for which the purchase options with carrying amounts totalling Euros 3,174 thousand have been exercised.

Interest incurred on finance leases totalled Euros 1,018 thousand in 2012 and Euros 100 thousand in 2011.

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

Thousands of Euros	2012 Minimum payments	2012 Present value	2011 Minimum payments	2011 Present value
Less than one year	4,297	3,106	591	575
Two to five years	23,043	21,187	172	171
More than 5 years	424	337	-	-
Total minimum payments and present value	**27,764**	**24,630**	**763**	**746**
Less current portion	(4,297)	(3,106)	(591)	(575)
Total non-current	**23,467**	**21,524**	**172**	**171**

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

Thousands of Euros	2012	2011
Minimum future payments	12,773	650
Purchase option	14,991	113
Unaccrued finance expenses	(3,134)	(17)
Present value	**24,630**	**746**

7. INTANGIBLE ASSETS

7.1. Goodwill

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

Thousands of Euros	SPAIN	FRANCE	PORTUGAL	TURKEY	TOTAL
Net goodwill at 01/01/2011	**219,356**	**133,858**	**39,754**	**21,467**	**414,435**
Additions	-	7,481	-	-	7,481
Disposals	(368)	(947)	-	-	(1,315)
Transfers	(477)	629	-	-	152
Provision for impariment	-	(2,607)	-	-	(2,607)
Additions to the consolidated group	-	1,681	-	-	1,681
Translation differences	-	-	-	(3,284)	(3,284)
Net goodwill at 31/12/2011	**218,511**	**140,095**	**39,754**	**18,183**	**416,543**
Additions	-	6,076	-	-	6,076
Transfers	-	(261)	-	-	(261)
Provision for impariment	-	(72)	-	-	(72)
Translation differences	-	-	-	680	680
Net goodwill at 31/12/2012	**218,511**	**145,838**	**39,754**	**18,863**	**422,966**

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

- In Spain: the business combinations arising from the acquisition of Plus Supermercados S.A. for Euros 160,553 thousand in 2007, and the acquisition of Distribuciones Reus, S.A. for Euros 26,480 thousand in 1991.
- In France: the business combinations arising from the acquisition of Penny Market, S.A. by DIA France and another company, Inmmobiliere Erteco, SAS, for Euros 67,948 thousand and Euros 3,501 thousand, respectively, in 2005, and the acquisition of Sonnenglut/Treff Marché for Euros 10,510 thousand in 2003.
- In both Spain and France, goodwill has been generated in the past as a result of the acquisition of stores and groups of stores.
- In Portugal: the business combination arising from the acquisition of Companhia Portuguesa de Lojas de Desconto, S.A. in 1998.
- In Turkey: the acquisition of Endi Tüketim Mallari Ticaret Ve Sanayi Anonim Sirketi in 2006.

Additions recognised in 2012 reflect the acquisition of eight stores in France. Additions recognised in 2011 primarily related to the acquisition of stores from the Carrefour Group as a result of the spin-off carried out during the year.

Disposals for 2011 in France are due to the write-off of goodwill associated with stores closed during 2011. These stores were originally part of ED Est SNC, which merged with DIA France in 2010.

During 2011 Proved SAS and other minor interests in other associates were included in the consolidated group, increasing goodwill by Euros 1,681 thousand.

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

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

The following main assumptions are used to calculate value in use of intangible assets and property, plant and equipment:

	Spain		France	
	2012	2011	2012	2011
Sales growth rate (1)	4.80%	2.16%	3.20%	1.45%
Growth rate (2)	1.00%	1.00%	1.00%	1.00%
Discount rate (3)	8.35%	8.37%	7.50%	6.58%

	Portugal		Turkey	
	2012	2011	2012	2011
Sales growth rate (1)	3.30%	2.93%	11.70%	22.52%
Growth rate (2)	1.00%	1.00%	2.00%	2.00%
Discount rate (3)	9.39%	13.27%	11.36%	10.77%

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

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

The Group determines budgeted weighted average sales growth based on past experience and forecast market performance. The growth of sales in the European countries (Spain, France and Portugal) reflects the continuation and acceleration of the policy to adapt stores to the new DIA Market and DIA Maxi store formats, which has generated a significant increase in sales. The cash forecast for Turkey, which has been prepared in local currency, reflects a slower rate of new store openings.

According to the assumptions used to forecast cash flows, the gross margin will remain stable throughout the budgeted period. It is, therefore, the rise in sales that will generate the increase in projected cash flows.

The weighted average growth rates of income 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 specific cost of equity in each country is calculated by adding inflation and the country-risk premium to the cost of equity in Spain. The risk premium is the difference between the five-year credit default swap (CDS) spread of each country in which the Group operates and the spread applicable to Spain.

In all cases sensitivity analyses are performed in relation to the discount rate used and the growth rate of income in perpetuity to ensure that reasonable changes in these assumptions would not have an impact on the possible recovery of the goodwill recognised. Specifically, a variation of 100 basis points in the discount rate used or a growth rate of income in perpetuity of 0% would not result in the impairment of any of the goodwill recognised.

For this analysis and for all the other countries, the following assumptions are used to calculate value in use:

	Argentina		Brazil	
	2012	2011	2012	2011
Sales growth rate (1)	15.70%	16.18%	19.00%	20.11%
Growth rate (2)	2.00%	2.00%	2.00%	2.00%
Discount rate (3)	26.94%	20.28%	10.89%	9.35%

	China	
	2012	2011
Sales growth rate (1)	16.80%	23.23%
Growth rate (2)	2.00%	2.00%
Discount rate (3)	9.33%	7.87%

7.2. Other intangible assets

Details of other intangible assets and movements are as follows:

Thousands of Euros	Development cost	Industrial property	Leaseholds	Computer software	Other intangible assets	Total
Cost						
At 1st january 2011	**-**	**77**	**39,404**	**27,364**	**18,788**	**85,633**
Additions/Internal development	-	-	263	7,535	435	8,233
Disposals	-	-	(1,412)	(7,107)	(37)	(8,556)
Transfers	-	(5)	5,558	155	(1,052)	4,656
Additions to the consolidated group	-	-	159	37	-	196
Translation differences	-	-	-	(136)	(293)	(429)
At 31st december 2011	**-**	**72**	**43,972**	**27,848**	**17,841**	**89,733**
Additions/Internal development	668	-	21	2,851	617	4,157
Disposals	-	-	(1,023)	(994)	(2,392)	(4,409)
Transfers	(244)	-	(1,282)	259	17	(1,250)
Transfers to assets held for sale	-	-	-	(41)	-	(41)
Translation differences	-	-	-	(177)	(191)	(368)
At 31st december 2012	**424**	**72**	**41,688**	**29,746**	**15,892**	**87,822**
Depreciation						
At 1st january 2011	**-**	**(7)**	**(11,927)**	**(21,129)**	**(4,803)**	**(37,866)**
Amortisation and depreciation	-	-	(1,039)	(5,049)	(860)	(6,948)
Disposals	-	-	410	7,095	36	7,541
Transfers	-	(65)	(5,507)	150	248	(5,174)
Other movements	-	-	-	(3)	-	(3)
Additions to the consolidated group	-	-	-	(20)	-	(20)
Translation differences	-	-	-	94	114	208
At 31st december 2011	**-**	**(72)**	**(18,063)**	**(18,862)**	**(5,265)**	**(42,262)**
Amortisation and depreciation	-	-	(1,122)	(5,482)	(684)	(7,288)
Disposals	-	-	106	873	1,124	2,103
Transfers	-	-	(14)	4	(2)	(12)
Other movements	-	-	-	(4)	-	(4)
Transfers to assets held for sale	-	-	-	12	-	12
Translation differences	-	-	-	104	46	150
At 31st december 2012	**-**	**(72)**	**(19,093)**	**(23,355)**	**(4,781)**	**(47,301)**
Impairment						
At 1st january 2011	**-**	**-**	**-**	**-**	**(2,348)**	**(2,348)**
Allowance	-	-	(1,089)	-	(110)	(1,199)
Distribution	-	-	235	-	-	235
Reversals	-	-	196	-	8	204
Transfers	-	-	(2,094)	(6)	2,113	13
At 31st december 2011	**-**	**-**	**(2,752)**	**(6)**	**(337)**	**(3,095)**
Allowance	-	-	(124)	-	(411)	(535)
Distribution	-	-	917	-	162	1,079
Reversal	-	-	105	-	2	107
Transfers	-	-	275	(3)	3	275
Transfers to assets held for sale	-	-	-	9	-	9
Translation differences	-	-	-	-	16	16
At 31st december 2012	**-**	**-**	**(1,579)**	**-**	**(565)**	**(2,144)**
Net carrying amount						
At 31st december 2012	**424**	**-**	**21,016**	**6,391**	**10,546**	**38,377**
At 31st december 2011	**-**	**-**	**23,157**	**8,980**	**12,239**	**44,376**

The additions to computer software primarily reflect investments in Spain to acquire licences as a result of the spin-off from the Carrefour Group, and in France due to the implementation of several projects, in amounts of Euros 2,419 thousand in 2012 and Euros 7,055 thousand in 2011.

As indicated in note 7.1, the DIA Group has recognised impairment losses, adjusting its intangible assets by net amounts of Euros 210 thousand and Euros 242 thousand in Spain and Brazil, respectively, and writing off Euros 24 thousand in France in 2012 (adjustments of Euros 61 thousand in Spain and Euros 934 thousand in France in 2011). These impairment losses have been included in the income statement under amortisation, depreciation and impairment (see note 21.5).

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

Thousands of Euros	2012	2011
Computer software	17,268	11,708
Leaseholds and other	2,505	2,633
Total	**19,773**	**14,341**

8. OPERATING LEASES

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

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

Details of the main operating lease contracts in force at 31 December 2012 are as follows:

Warehouse	Country	Minimum lease period	Warehouse	Country	Minimum lease period
Getafe	SPAIN	2,017	Fengshujinda	CHINA	2,013
Mallén	SPAIN	2,023	Taipingyang	CHINA	2,013
Manises	SPAIN	2,016	Toyota	CHINA	2,013
Mejorada del Campo	SPAIN	2,018	Saint Quentin	FRANCE	2,020
Miranda	SPAIN	2,016	Dambach	FRANCE	2,019
Orihuela	SPAIN	2,023	Louviers	FRANCE	2,021
Sabadell	SPAIN	2,022	Anhanghera	BRAZIL	2,013
San Antonio	SPAIN	2,023	Guarulhos	BRAZIL	2,013
Tarragona	SPAIN	2,018	Americana	BRAZIL	2,015
Villanubla	SPAIN	2,019	Porto Alegre	BRAZIL	2,013
Albufeira	PORTUGAL	2,013	Izmir	TURKEY	2,013
Ourique	PORTUGAL	2,014	Adana	TURKEY	2,015
Loures	PORTUGAL	2,014	Ankara	TURKEY	2,013
Torres Novas	PORTUGAL	2,015	Campana	ARGENTINA	2,013
Grijó	PORTUGAL	2,013			

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

Thousands of Euros	2012	2011
Minimum lease payments, property	321,998	305,445
Minimum lease payments, furniture and equipment	11,129	8,921
Sublease payments	(64,015)	(52,849)
Total	**269,112**	**261,517**

Sublease revenues comprise the amounts received from the concessionaires to carry out their activities, and in turn improve the Group's commercial offerings to its customers, as well as those received from subleases to franchise holders, none of which are significant.

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

Thousands of Euros	2012	2011
Less than one year	151,180	158,631
One to five years	199,273	245,565
Over five years	130,749	149,835
Total	**481,202**	**554,031**

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

Thousands of Euros	2012	2011
Less than one year	12,548	11,679
One to five years	14,831	15,753
Over five years	419	222
Total	**27,798**	**27,654**

9. FINANCIAL ASSETS

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

Thousands of Euros	2012	2011
Non-current assets		
Non-current financial assets	65,253	57,668
Consumer loans from finance companies	1,037	1,973
Current assets		
Trade and other receivables	179,556	191,254
Consumer loans from finance companies	5,444	5,364
Other current financial assets	30,643	18,981
TOTAL	**281,933**	**275,240**

9.1. Current and non-current consumer loans extended by finance companies

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

During 2012 and 2011 the effective interest rate on credit card receivables was between 0% and 2.16% of the nominal monthly interest rate for drawdowns from revolving credit facilities.

Interest and similar income from these assets recognised in the consolidated income statement amounted to Euros 1,072 thousand at 31 December 2012 (Euros 1,367 thousand in 2011).

9.2. Trade and other receivables

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

Thousands of Euros	2012	2011
Trade receivables	201,379	206,244
Receivables from associates companies (note 23)	175	4,279
Total trade and other receivables	**201,554**	**210,523**
Less current portion	179,556	191,254
Total non-current (note 9.3)	**21,998**	**19,269**

a) Trade receivables

Trade receivables primarily comprise current trade credit for purchases of goods made by the Group's franchises, with an average collection period of between two and ten days. This item also includes non-current loans as part of the financing extended by the Group to its franchisees. This amount is presented at present value and generated interest of Euros 1,408 thousand in 2012 and Euros 1,053 thousand in the prior year, which has been recognised in the consolidated income statement.

The Group has factoring facilities which amount to Euros 27,600 at 31 December 2012 (Euros 10,642 thousand at 31 December 2011), having drawn down an amount of Euros 13,842 thousand in 2012 (Euros 10,000 thousand at 31 December 2011).

b) Trade receivables from associates

As in the preceding year, in 2012 this item mainly reflects balances receivable by the French subsidiaries from their associates.

c) Impairment

At 31 December 2012 and 2011, full provision was made for trade receivables initially amounting to Euros 30,908 thousand and Euros 22,714 thousand, respectively. Movements in the provision for impairment of receivables (see other disclosures on credit risk in note 24) are as follows:

Thousands of Euros	2012	2011
At 1st january	**(22,714)**	**(15,318)**
Charge	(14,823)	(21,716)
Applications	1,241	2,016
Reversals	4,910	13,776
Transfers	-	(1,876)
Translation differences	449	310
Transfers to assets held for sale	29	-
Additions to the consolidated group	-	(24)
Other movements	-	118
Closing balance	**(30,908)**	**(22,714)**

9.3. Other current and non-current financial assets

Details of financial assets are as follows:

Thousands of Euros	2012	2011
Guarantees	36,186	35,580
Equity instruments	1,220	1,310
Loans to personnel	2,980	3,568
Other loans	2,766	1,422
Receivables on disposal of fixed assets	2,313	-
Derivatives (note 10)	17,256	239
Current account with associated companies (note 23)	4,274	-
Other assets	6,903	15,261
Total other financial assets	**73,898**	**57,380**
Less current portion	30,643	18,981
Total	**43,255**	**38,399**
Trade receivables > 1 year (note 9.2)	21,998	19,269
Total non-current financial assets	**65,253**	**57,668**

Guarantees are the amounts pledged to lessors to secure lease contracts. These amounts are measured at present value and any difference with their nominal value is recognised under prepayments for current or non-current assets. The interest on these assets included in the consolidated income statement in 2012 amounted to Euros 507 thousand (Euros 468 thousand in the prior year).

Equity instruments primarily refer to the Group's investments in unconsolidated French subsidiaries. These items are measured at cost as they are not significant.

Other assets include insurance claims receivable.

In 2012 the Group has contracted several different hedging instruments to mitigate the effect of possible interest rate rises. On 21 December 2011 the Company signed an equity swap contract with Société Générale whereby the latter acquired 13,586,720 own shares. This contract, which expires on 21 January 2013, can be settled by the Company receiving the shares or receiving a cash amount equal to the difference between the price at the purchase date and at the date of sale with a reference price of 3.5580 euros per share. At 31 December 2012 the balance under “derivatives” mainly reflects the cash settlement of this equity swap contract on expiry. This balance also includes the assets generated from the use of forward contracts in foreign currency to hedge the currency risk on purchases of inventories in US Dollars. At 31 December 2012, effective cash flow hedges represent a net unrealised loss of Euros 814 thousand and in 2011 a net unrealised gain of Euros 187 thousand. The corresponding deferred taxes are included in the consolidated statements of comprehensive income.

10. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

Details of derivative financial instruments at the 2012 and 2011 reporting dates are as follows:

Thousands of Euros	2012	2011
Exchange derivatives - Cash flows hedges (note 9.3)	245	239
Interest rate derivatives - Cash flows hedges	(938)	-
Share Options Derivatives - Equity Swap (note 9.3)	17,011	-
Total	**16,318**	**239**

In 2012 the Parent has contracted several different hedging instruments to mitigate the effect of possible interest rate rises. At 31 December 2012 these instruments have a fair value of Euros 938 thousand.

The effect of these instruments on the consolidated income statement for the period is not significant.

The derivative financial instrument which does not qualify for hedge accounting is an equity swap contract signed with Société Générale on 21 December 2011 whereby the latter acquired 13,586,720 own shares of the Parent. This contract, which expires on 21 January 2013, can be settled by the Parent receiving the shares or receiving a cash amount equal to the difference between the price at the purchase date and at the date of sale with a reference price of 3.5580 euros per share (see note 9.3).

The impact of this instrument on the DIA Group's consolidated income statement for 2012 in change in fair value totals an income of Euros 18,281 thousand.

11. OTHER EQUITY-ACCOUNTED INVESTEES

On 2 May 2011 DIA France acquired all the shares of Erteco, SAS and its subsidiary Bladis SAS from Carrefour, S.A. This investment has been accounted for using the equity method since that date (see notes 1 and 4).

Movement in equity-accounted investees during 2012 and 2011 is as follows:

Thousands of Euros	2012	2011
Balance at 1st january	**1,599**	**108**
Share in profit	1,070	870
Additions to the consolidated group	-	2,596
Dividends distributed	(1,366)	(1,867)
Outflow due to change in consolidation method	-	(108)
Balance	**1,303**	**1,599**

The key economic indicators presented by Bladis SAS in 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Assets	27,660	22,852
Net equity	4,263	5,150
Sales	110,313	108,688
Profit for the six-month periods	3,210	4,097

12. OTHER ASSETS

Details of other assets are as follows:

Thousands of Euros	2012 Current	2011 Current
Prepayments for operating leases	8,479	6,948
Prepayments for guarantees	497	507
Prepayments for insurance contracts	4,038	4,901
Other prepayments	2,285	1,744
Total other assets	**15,299**	**14,100**

Prepayments for operating leases comprise lease payments made in advance, primarily in France.

13. INVENTORIES

Details of inventories are as follows:

Thousands of Euros	2012	2011
Goods for resale	525,361	518,392
Other supplies	1,705	3,534
Total inventories	**527,066**	**521,926**

At 31 December 2012 and 2011 there are no restrictions to the availability of any inventories.

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

14. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

Thousands of Euros	2012	2011
Cash and current account balances	164,941	137,348
Cash equivalents	185,484	152,595
Total	**350,425**	**289,943**

Balances in current accounts earn interest at applicable market rates. Current investments are made for daily, weekly and monthly periods and generate interest at different rates depending on the country, ranging from 0.47% to 2.60% in 2012 and from 0.91% to 4% in 2011.

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

In 2012 the Group has decided to put Beijing DIA Commercial Co.Ltd. up discontinued operations.

The income and expenses of this discontinued operation recognised in the income statement for 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Income	60,293	51,355
Amortisation and depreciation	(1,642)	(1,396)
Expenses	(66,027)	(54,084)
Gross Margin	**(7,376)**	**(4,125)**
Financial income	197	449
Financial expenses	(280)	(780)
Loos net of taxes of discontinued operations	**(7,459)**	**(4,456)**

The assets and liabilities of this discontinued operation, classified as held for sale at 31 December 2012, are as follows:

Thousands of Euros	2012
Assets	
Tangible assets (Nota 6)	3,994
Intangible assets (Nota 7.2)	20
Other non-current finantial assets	185
Inventories	4,132
Trade and other receivables	1,757
Current tax assets	1,413
Other current financial assets	62
Other assets	293
Cash and cash equivalents	2,019
Non-current assets held for sale	**13,875**
Liabilities	
Current borrowings	5,644
Trade and other payables	15,685
Current income tax liabilities	226
Other financial liabilities	626
Liabilities directly associated with non-current assets held for sale	**22,181**

16. EQUITY

16.1. Capital

At 31 December 2012 the Parent's share capital is represented by 679,336,000 ordinary shares of Euros 0.10 par value each, subscribed and fully paid. These shares are freely transferable.

On 25 March 2011, Norfin Holder, S.L., the Parent's sole shareholder at that date, approved a Euros 64,034,810.83 increase in DIA's share capital with a charge to the share premium. As a result, the share capital of DIA now totals Euros 67,933,600, represented by 679,336,000 ordinary shares of Euros 0.10 par value each.

As stated in note 1, on 5 July 2011 the Parent's shares were listed on the Spanish stock exchanges. According to public information filed with the Spanish National Securities Market Commission, the members of the board of directors control approximately 0.032% of the Parent's share capital at 31 December 2012.

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

- Blue Capital Sà.r.l. 9.428%
- Baillie Gifford & CO 3.003%

Nevertheless, the prospectus issued for the flotation of the Parent's shares reported that certain major shareholders (Groupe Arnault, S.A.S., Colony Blue Investor S.à.r.l. and Blue Capital Sà.r.l., by mutual agreement) had committed to a share lock-up arrangement whereby they agreed not to sell their shares in the Parent for a year from the date on which they commenced trading (5 July 2011). This agreement expired on 5 July 2012. Groupe Arnault, S.A.S., Colony Blue Investor S.à.r.l. and Blue Capital Sà.r.l. have also declared that they have reached a verbal agreement to exercise their voting rights in the Parent jointly.

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

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

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

The ratios for 2012 and 2011 are calculated as follows:

Thousands of Euros	2012	2011
Total borrowings	979,735	865,802
Less: cash and cash equivalents	(350,425)	(289,943)
Net debt	629,310	575,859
Adjusted EBITDA	609,476	561,103
Debt ratio	**1.0x**	**1.0x**

16.2. Share premium

In 2004 a share premium amounting to Euros 847,736 thousand was created when share capital was increased. This increase was subscribed and fully paid by the French company Erteco, SAS, which contributed the 39,686 shares representing 100% of its investment in another French company, DIA France, as payment, measured at fair value in the annual accounts of the Parent. The share premium also includes Euros 797 thousand that arose from a share capital increase carried out in 1992.

As stated above, the share premium was reduced by Euros 64,034,810.83 due to a capital increase with a charge to this reserve carried out by the Parent's sole shareholder prior to the spin-off from the Carrefour Group. This reserve was again reduced by Euros 166,341 thousand due to the distribution of extraordinary dividends on 23 June 2011, and as a result has a balance of Euros 618,157 thousand at the 2012 and 2011 reporting dates.

At 31 December 2012 the entire share premium is subject to the same restrictions and may be used for the same purposes as the Parent's voluntary reserves, including conversion into share capital.

16.3. Reserves and retained earnings

Details of reserves and retained earnings are as follows:

Thousands of Euros	2012	2011
Legal reserve	13,587	780
Goodwill reserve	7,464	5,666
Other reserves	(645,675)	(655,414)
Profin attributable to equityholders ot the parent	157,884	98,462
Total	**(466,740)**	**(550,506)**

The Parent's legal reserve has been provided for in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 31 December 2012 the Parent has provided this reserve with the minimum amount required by law.

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

At 31 December 2012 all voluntary reserves of the Parent, together with the share premium, are freely distributable.

16.4. Other own equity instruments

a) Own shares

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

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

By 13 October 2011 the Parent 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 agreed the realization of buy back own shares of DIA up to a maximum amount equivalent to 2% of the Company's share capital (additional to those already held by the Company at the date of this agreement). (See notes 9.3 and 10)

On 07 June 2012 the board of directors agreed the realization of additional buy back own shares of DIA up to a maximum amount equivalent to 1% of the Parent's share capital, under the authorisation conferred by the Board in relation with the decision taken by the Sole Shareholder of the Company at 9 May 2011 and in accordance with the definition in the Parent's Internal Regulations of Conduct on Stock Markets and the Own Share Policy approved by the board of directors. On 2 July 2012 the programme of rebuying of 6.793.360 shares was completed.

Other transactions during 2012 include the transfer of 115,622 shares to the Parent's directors and senior management personnel as remuneration, with a charge of Euros 148 thousand to voluntary reserves. In 2011 85,736 shares were transferred to the Group's directors as remuneration, with a charge of Euros 22 thousand to voluntary reserves.

As a result, at the 2012 year end the Parent holds 20,178,722 own shares with an average purchase price of Euros 3.1107 per share which represent a total amount of 62,769,075.43 Euros.

b) Other own equity instruments

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

16.5. Dividends paid and proposed

Details of dividends paid are as follows:

Thousands of Euros	2012	2011
Dividends on ordinary shares	72,498	368,600
Dividend per share (in Eruros)	0.11	0.54

On 23 June 2011 the Parent's sole shareholder prior to the spin-off from the Carrefour Group approved the distribution of extraordinary dividends of Euros 368,600 thousand with a charge to voluntary reserves and the share premium (see note 16.2).

Dividends per share (in Euros) are calculated based on the number of shares existing at the distribution date; i.e. for 2012 the number of shares is 659,072,702 whereas in 2011 there were 679,336,000 shares.

The proposed distribution the Parent's profit for 2012 to be submitted to the shareholders for approval at their ordinary general meeting is as follows:

Basis of allocation	Euros
Profit for the year	**184,849,621.10**
Distribution	
Dividends (*)	85,690,446.14
Goodwill reserve	1,797,810.08
Other reserves	97,361,364.88
Total	**184,849,621.10**

(*) The ordinary dividend proposed to be distributed by the directors amounts to Euros 0.13 (gross) per each share with the right to perceive it. The figure given is an estimate under the assumption that the number of shares with the right to perceive it is 659,157,278 shares, after making the appropriate deductions. The estimate can vary depending on, among other factors, the amount of shares held by the Company.

16.6. Earnings per share

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

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

	Weighted average ordinary shares in circulation at 31/12/2012	Ordinary shares at 31/12/2012	Weighted average ordinary shares in circulation at 31/12/2011	Ordinary shares at 31/12/2011
Total shares issued	679,336,000	679,336,000	679,336,000	679,336,000
Own shares	(17,042,103)	(20,178,722)	(4,531,060)	(13,500,984)
Total shares availabel and diluted	**662,293,897**	**659,157,278**	**674,804,940**	**665,835,016**

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

Basic and diluted earnings per share (Euros)	2012	2011
Average number of shares	**662,293,897**	**674,804,940**
Profit for the period in thousands of Euros	157,884	98,462
Profit per share in Euros	0.24	0.14

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

16.7. Non-controlling interests

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

	Non-controlling interests		
Thousands of Euros	**Diasa DIA Sabanci Supermarketleri Ticaret, A.S.**	**Proved, SAS**	**Total**
At 1st january 2011	**(7,794)**	**-**	**(7,794)**
Profit/(loss) for the year	(3,236)	(852)	(4,088)
Other comprehensive income for the year, net of tax	1,539	-	1,539
Issue of share capital	16,093	-	16,093
Addition to the consolidated group	-	94	94
At 31st december 2011	**6,602**	**(758)**	**5,844**
At 1st january 2012	**6,602**	**(758)**	**5,844**
Proft/(loss) for the year	(11,039)	(459)	(11,498)
Other comprehensive income for the year, net of tax	460	-	460
Addition to the consolidated group	-	758	758
At 31st december 2012	**(3,977)**	**(459)**	**(4,436)**

17. FINANCIAL LIABILITIES

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

Thousands of Euros	2012	2011
Non-current liabilities		
Non-current borrowings	553,112	599,656
Current liabilities		
Current borrowings	426,623	266,146
Trade and other payables	1,758,570	1,780,233
Other financial liabilities	154,687	178,287
Total financial liabilities	**2,892,992**	**2,824,322**

17.1. Borrowings

Details of borrowings are as follows:

Thousands of Euros	2012	2011
Bank loan	521,745	589,682
Mortgage loan	4,501	5,604
Finance lease payables (note 6)	21,524	171
Guarantees and deposits received	5,331	4,182
Other non-current borrowings	11	17
Total non-current borrowings	**553,112**	**599,656**
Bank loan	317,906	247,875
Mortgage loan	1,103	1,771
Credit facilities drawn down	96,483	10,220
Expired Interests	2,001	1,305
Finance lease payables (note 6)	3,106	575
Guarantees and deposits received	4,991	3,362
Liabilities Derivatives	938	-
Other current borrowings	95	1,038
Total current borrowings	**426,623**	**266,146**

The Parent holds a long-term syndicated financing contract with a number of financial institutions in Spain and international, which was arranged in 2011 for a maximum amount of Euros 1,050,000 thousand.

This loan is divided into three tranches:

(i) Tranche A consists of a five-year loan for a maximum amount of Euros 350,000 thousand, repayable in annual instalments on 31 December 2011 (10%), 31 December 2012 (20%), 31 December 2013 (20%), 31 December 2014 (20%), 31 December 2015 (20%), and any outstanding amount on maturity.

(ii) Tranche B is a five-year loan for a maximum amount of Euros 350,000 thousand, repayable on maturity.

(iii) Tranche C comprises a revolving credit facility for a maximum amount of Euros 350,000 thousand to finance working capital requirements, whereby the Parent is required to repay each of the amounts drawn down on the last day of the related interest period, charging the repayment of the amount drawn down to the revolving facility.

- The interest rates in force at the 2012 reporting date are as follows:

  . Tranche A: Euribor +1.55%
  . Tranche B: Euribor +1.70%
  . Tranche C: Euribor + 1.30% - 1.70% (depending on drawdowns)

- The interest rates in force at the 2011 reporting date were as follows:

  . Tranche A: Euribor +1.75%
  . Tranche B: Euribor +1.90%
  . Tranche C: Euribor + 1.50% - 1.90% (depending on drawdowns)

The guarantees extended by the Parent are jointly and severally secured by its subsidiaries Twins Alimentación S.A., Pe-Tra Servicios a la Distribución, S.L., DIA Portugal Supermercados S.Lda. and DIA Brasil Sociedade Limitada. The shares of DIA France have also been pledged as collateral.

The DIA Group is required to comply with certain covenants throughout the term of this financing agreement. The lenders verify compliance with these covenants every six months using figures for the last twelve months.

On 5 July 2011, the Parent received Euros 865,000 thousand under this financing agreement, used mainly to repay, on the same date, borrowings from various Carrefour Group companies at 30 June 2011. Arrangement costs and fees totalled Euros 14,358 thousand and were recognised as a reduction in the financing received. At 31 December 2012 drawdowns total Euros 834,950 thousand (Euros 832,077 thousand at 31 December 2011).

At the 2012 year end, all covenant ratios, calculated based on the DIA Group's consolidated annual accounts, have been met. Details are as follows:

(i) Total recalculated net debt/recalculated EBITDA < 2.75x
(ii) EBITDA/net finance costs > 6.5x

The mortgage loan includes two agreements relating to a building owned by the subsidiary Twins Alimentación, S.A.U., which has a carrying amount of Euros 10,290 thousand at 31 December 2012 (Euros 10,586 thousand in 2011). These loan agreements include annual nominal interest at fixed market rates of 6.250% and 5.070% and mature in 2013 and 2019, respectively.

At 31 December 2012 the Group has credit facilities with a credit limit of Euros 376,941 thousand (Euros 241,238 thousand in 2011), of which Euros 96,483 thousand has been drawn down at that date (Euros 10,220 thousand in 2011). The credit facilities contracted by the Group in 2012 and 2011 accrue interest at market rates.

The maturities of borrowings are as follows:

Thousands of Euros	2012	2011
Less than one year	426,623	266,146
One to two years	84,576	69,892
Three to five years	460,213	521,712
Over five years	8,323	8,052
Total	**979,735**	**865,802**

17.2. Trade and other payables

Details are as follows:

Thousands of Euros	2012	2011
Suppliers	1,586,584	1,625,886
Advances received from receivables	134	-
Trade payables	171,852	150,132
Trade payables, group companies	-	4,215
Total other liabilities	**1,758,570**	**1,780,233**

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

Trade and other payables do not bear interest.

The Group has reverse factoring facilities with limits of Euros 446,571 thousand and Euros 566,893 thousand at 31 December 2012 and 2011, respectively. Drawdowns total Euros 314,751 thousand in 2012 and Euros 337,221 thousand in 2011.

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

	Payments made or outstanding at the balance sheet date			
	2012		2011	
Thousands of Euros	Amount	%*	Amount	%*
**Within the maximum legal period	2,857,511	80.83%	3,161,425	91.52%
Other	677,899	19.17%	292,993	8.48%
Total payments for the year	3,535,410	100%	3,454,418	100%
Weighted average period by which payments are past due (in days)	17.79		28.70	
Late payments exceeding the maximum legal period at the end of the period	23,884		22,134	

* Percentage of total

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

17.3. Other financial liabilities

Details of other financial liabilities are as follows:

Thousands of Euros	2012	2011
Personnel	84,884	92,718
Suppliers of fixed assets	57,327	78,995
Current account with associated companies (note 23)	4,533	-
Other current liabilities	7,943	6,574
Total other liabilities	**154,687**	**178,287**

17.4. Fair value estimates

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

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

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

18. PROVISIONS

Details of provisions are as follows:

Thousands of Euros	Provisions for long-term employee benefits under defined benefit plans	Taxes, legal contingencies and social security contributions	Other provisions	Total provisions
At 1st january 2011	**4,903**	**176,038**	**3,492**	**184,433**
Translation differences	(60)	(707)	(108)	**(875)**
Charge	1,650	29,576	5,324	**36,550**
Applications	(653)	(42,017)	(1,162)	**(43,832)**
Reversals	(664)	(6,180)	(99)	**(6,943)**
Transfers	-	(156)	156	**-**
Additions to the consolidated group	193	-	31	**224**
Other movements	59	(1,307)	666	**(582)**
At 31st december 2011	**5,428**	**155,247**	**8,300**	**168,975**
At 1st january 2012	**5,428**	**155,247**	**8,300**	**168,975**
Translation differences	15	(1,040)	(313)	**(1,338)**
Charge	2,458	13,894	75	**16,427**
Applications	(6)	(75,849)	(1,312)	**(77,167)**
Reversals	(114)	(6,020)	(3,991)	**(10,125)**
Other movements	534	3,289	35	**3,858**
At 31st december 2012	**8,315**	**89,521**	**2,794**	**100,630**

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

The Parent has commitments with current employees for pensions and length-of-service bonuses amounting to Euros 865 thousand in 2012 and Euros 793 thousand in 2011. Of these amounts, Euros 334 thousand and Euros 297 thousand were externalised in 2012 and 2011, respectively, in accordance with Spanish legislation. Additionally, Group companies in France and Turkey have undertaken similar commitments with their employees in 2012 and 2011 in amounts of Euros 7,784 thousand and Euros 4,932 thousand, respectively.

The Euros 2,010 thousand variation in this provision reflects the elimination of the corridor method in France. IAS 19 stipulates that this method may no longer be used after 1 January 2013, and the DIA Group has decided to adopt this change in 2012 in order to present adjusted comparative figures (see note 2.5).

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

Thousands of Euros	2012	2011
Current service cost	446	(185)
Past service cost	-	396
Finance expenses	352	340
Expected return on financial assets	(12)	(11)
Other	(70)	(126)
Total expenses (revenues)	**716**	**414**

The principal actuarial assumptions used are as follows:

Assumptions	2012	2011
Retirement age	58-65	58-65
Salary growth rate	del 2% al 5%	del 2.5% al 5%
Discount rate	del 3.5% al 5%	del 4% al 5%

Liabilities recognised for defined benefit pension plans are as follows:

Thousands of Euros	2012	2011
Defined benefit pension plans	8,649	7,735
Unrecognised actuarial adjustments	-	(2,010)
Fair value of oustanding assets	(334)	(297)
Total provision	**8,315**	**5,428**

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

Thousands of Euros	Amount
Provision at 1st january 2011	**4,903**
Impact on profit	414
Translation differences	(54)
Other movements	(28)
Additions to the consolidated group	193
Provision at 31st december 2011	**5,428**
Impact on protif	716
Translation differences	18
Other movements	143
Recognised actuarial adjustments	2,010
Provision at 31st december 2012	**8,315**

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

Thousands of Euros	Amount
At 1 January 2011	**264**
Expected return	11
Annual premium	31
Actuarial losses	(9)
At 31st december 2011	**297**
Expected return	12
Annual premium	32
Actuarial losses	(7)
At 31st december 2012	**334**

18.2. Taxes, legal contingencies and social security contributions

This provision mainly comprises risks deriving from tax inspections and at 31 December 2012 amounts to Euros 70,506 thousand (Euros 134,489 thousand at 31 December 2011).

During 2012, DIA Brazil booked a provisions of Euros 4,965 thousand for employment-related contingencies and Euros 879 thousand for costs relating to legal disputes with the owners of certain premises. DIA France made provisions of Euros 1,780 thousand for certain legal risks and Euros 1,395 thousand for employment-related contingencies. Finally, provisions recognised by the Parent include Euros 1,467 thousand to cover other legal risks.

In 2011 DIA France recognised a Euros 11,847 thousand provision (including the associated finance costs) in relation to a lawsuit over the rounding-off of VAT to Euro decimals. The Parent recognised provisions of Euros 3,791 thousand in respect of the restatement of tax risks.

In 2012 the Parent has applied Euros 49,180 thousand to pay additional taxes raised on inspection of income tax filed for the 1994-2002 period, and Euros 15,536 thousand to pay additional taxes raised on inspection of income tax filed for 2004, 2005 and 2006. Applications also include additional Social Security payments of Euros 2,056 thousand following an inspection and payments of Euros 1,693 thousand relating to other legal risks.

Provisions applied during 2011 included Euros 15,893 thousand paid in relation to a lawsuit over the rounding-off of VAT to Euro decimals in DIA France. The Group also settled additional income tax assessments of Euros 18,190 thousand for 1993, 1994,1997 and 2007 corresponding to the Parent. This amount includes the associated finance cost. Moreover, the Parent paid additional VAT assessments of Euros 4,684 thousand for 1995 and 1996.

19. TAX ASSETS AND LIABILITIES AND INCOME TAX

- **INCOME TAX**

Details of the income tax expense are as follows:

Thousands of Euros	2012	2011
Current income taxes		
Current year	84,330	36,143
Provisions for tax risk	45	1,237
Prior years' current income taxes	(961)	1,061
Total current income taxes	**83,414**	**38,441**
Deferred taxes		
Source of taxable temporary differences	8,695	169,461
Source of deductible temporary differecnces	(15,554)	(124,848)
Reversal of taxable temporary differences	(29,241)	(4,901)
Reversal of deductible temporary differences	54,525	5,296
Total deferred taxes	**18,425**	**45,008**

Due to the different treatment of certain transactions permitted by tax legislation, the accounting profit of each Group company differs from the profit for tax purposes. A reconciliation of accounting profit for the year with the total taxable income of the Group is as follows:

Thousands of Euros	2012	2011
Profit for the year before taxes from continuing operations	255,684	182,279
Share in profit/(loss) for the year of equity accounted investees	(1,070)	(870)
Profit for the year before tax	254,614	181,409
Tax calculated at the tax rate of each country	80,835	55,216
Unrecognised tax credits	21,326	18,358
Non-taxable income	(1,919)	(12,216)
Non-deductible expenses	6,018	9,582
Deductions and credits for the current year	(657)	(408)
Adjustments for prior years	(961)	1,061
Adjustments for prior years - deferred taxes	(3,601)	9,013
Offset of non-capitalised tax losses	-	(2,569)
CVAE (France)	5,004	4,446
Unrecognised deferred taxes	(4,251)	(271)
Income tax expense	101,794	82,212
Charge (reversal) tax risk provision	45	1,237
Total income tax	**101,839**	**83,449**

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

DIA España , Finandia, Twins y Petra	30%
DIA Portugal	30,93%
DIA Turquía	20%
DIA Argentina	35%
DIA Brasil	34%
DIA China Consulting	25%
JV Shanghai	25%
JV Pekín	25%
DIA France	34,43%

Following the spin-off of the DIA Group from the Carrefour Group, and therefore from the tax group headed by Norfin Holder, S.L., in 2012 the Spanish companies Distribuidora Internacional de Alimentación, S.A., Finandia, EFC S.A., Twins Alimentación, S.A. and Pe-tra, Servicios a la Distribución, S.L. have filed individual tax returns.

Article 26 of Royal Decree-Law 20/2012 of 13 July 2012, on Measures to Ensure Budgetary Stability and on Encouraging Competitiveness, modified Royal Decree-Law 9/2011 of 19 August 2011, in that tax losses offset by Group companies in Spain in tax years commencing in 2012 and 2013 cannot exceed 25% of taxable income prior to offset for companies with revenue of at least Euros 60 million, or 50% of taxable income for companies with revenue of between Euros 20 million and Euros 60 million.

The maximum annual deduction of goodwill is limited to of 1% of total goodwill.

French law requires a parent to hold interests of over 95% in subsidiaries for these to qualify for inclusion in a consolidated tax group. Consequently, all subsidiaries come under the consolidated tax regime except for Proved SAS and Voiron Distribución SAS, which at 1 January 2012 are 50% owned by the French parent and, therefore, file individual tax returns.

- **TAX ASSETS AND TAX LIABILITIES**

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

Thousands of Euros	2012	2011
Deferred tax assets	54,550	58,191
Taxation authorities, VAT	31,216	29,820
Taxation authorities	10,436	11,953
Current income tax assets	38,566	19,932
Total tax assets	**134,768**	**119,896**
Deferred tax liabilities	115,509	85,614
Taxation authorities, VAT	43,960	37,863
Taxation authorities	74,500	79,450
Current income tax liabilities	7,208	6,851
Total tax liabilities	**241,177**	**209,778**

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

	2012	2011
Capitalised tax loss carryforwards	31,193	37,566
+ Deferred tax assets	91,533	140,034
Total deferred tax assets	122,726	177,600
Assets offset	(68,176)	(119,409)
Deferred tax assets	**54,550**	**58,191**
Deferred tax liabilities	183,685	205,023
Liabilities offset	(68,176)	(119,409)
Deferred tax liabilities	**115,509**	**85,614**

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

DEFERRED TAX ASSETS			Adjustments	Profit/(loss)		Net equity		Exchange	
Thousands of Euros	1 Jan 2011	Adjustments	to tax rate	Additions	Disposals	Additions	Disposals	gains/losses	31 Dec 2011
Provisions	18,873	(1,872)	3	12,131	(1,595)	135	(232)	(314)	27,129
Onerous contracts	764	-	-	-	(197)	-	-	-	567
Portfolio provisions	-	-	-	89,874	-	-	-	-	89,874
Share-based payments	3,248	-	-	1,694	-	-	(773)	-	4,169
Other remuneration	7,441	(1,315)	-	-	(770)	128	-	-	5,484
Loss carryforwards	18,980	-	-	18,821	-	-	-	(235)	37,566
CVAE tax impact	-	1,949	-	-	(942)	-	-	-	1,007
Other	13,749	1,238	(1)	2,326	(1,792)	78	(3,381)	(413)	11,804
Total non-curent deferred tax asset	**63,055**	**-**	**2**	**124,846**	**(5,296)**	**341**	**(4,386)**	**(962)**	**177,600**

Thousands of Euros	1 Jan 2012	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Net equity Disposals	Exchange gains/losses	31 Dec 2012
Provisions	27,129	-	18	3,847	(6,963)	-	(213)	(2,205)	21,613
Onerous contracts	567	-	-	-	(48)	-	-	-	519
Portfolio provisions	89,874	-	-	-	(39,682)	-	-	-	50,192
Share-based payments	4,169	-	-	-	(2,075)	-	-	-	2,094
Other remuneration	5,484	-	-	11	(2,696)	1	-	-	2,800
Loss carryforwards	37,566	(12,825)	-	9,391	(2,431)	-	-	(508)	31,193
CVAE tax impact	1,007	-	-	-	(344)	-	-	-	663
Other	11,804	-	(10)	2,297	(286)	2,207	(1,489)	(871)	13,652
Total non-curent deferred tax asset	**177,600**	**(12,825)**	**8**	**15,546**	**(54,525)**	**2,208**	**(1,702)**	**(3,584)**	**122,726**

DEFERRED TAX LIABILITIES

Thousands of Euros	1 Jan 2011	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Net equity Disposals	Exchange gains/losses	31 Dec 2011
Goodwill	9,437	(8,485)	-	63,623	-	-	-	-	64,575
Amortisation and depreciation	14,205	14,156	26	23,446	(562)	18	(1,358)	74	50,005
Inmobiliaria Erteco transactions	8,960	(8,960)	-	-	-	-	-	-	
Provision for volume discounts	2,470	-	-	-	-	-	(2,353)	(117)	-
Portfolio provisions	-	-	-	81,551	-	-	-	-	81,551
CVAE tax impact	5,660	-	-	-	(2,734)	-	-	-	2,926
Other	3,417	3,289	2	813	(1,605)	36	(114)	128	5,966
Total non-current deferred tax liabilities	**44,149**	**-**	**28**	**169,433**	**(4,901)**	**54**	**(3,825)**	**85**	**205,023**

Thousands of Euros	1 Jan 2012	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Net equity Disposals	Exchange gains/losses	31 Dec 2012
Goodwill	64,575	-	-	2,356	-	-	-	-	66,931
Amortisation and depreciation	50,005	-	153	5,689	(1,613)	1,533	(197)	(160)	55,410
Portfolio provisions	81,551	-	-	-	(26,312)	-	-	-	55,239
CVAE tax impact	2,926	-	-	-	(999)	-	-	-	1,927
Other	5,966	-	12	485	(317)	2,954	(4,937)	15	4,178
Total non-current deferred tax liabilities	**205,023**	**-**	**165**	**8,530**	**(29,241)**	**4,487**	**(5,134)**	**(145)**	**183,685**

Based on the tax returns, the companies of the Group have accumulated tax losses available for offsetting, deductions and exemptions to be offset in future years amounting to Euros 457,597 in 2012 and Euros 504,445 in 2011.

Thousands of Euros	Years in which generated	limitation period (years) Unspecified	2013	2014	2015	2016	2017	> 2017	TOTAL
Twins Alimentación, S.A.U.	1999 - 2007	-	-	-	-	-	12,838	175,488	188,326
Pe-Tra Servicios a la distribución, S.L.U.	1997 -1999	-	-	-	5,495	5,078	8,834	-	19,407
Dia Brasil Sociedade Limitada	2004 - 2009	23,626	-	-	-	-	-	-	23,626
Dia Tian Tian Management Consulting Service & Co.Ltd.	2008 - 2012	-	1,876	2,089	1,837	3,451	3,140	-	12,393
Shanghai DIA Retail Co.Ltd.	2008 - 2012	-	8,101	6,605	7,493	3,068	7,244	-	32,511
Beijing DIA Commercial Co.Ltd.	2008 - 2012	-	8,302	7,316	5,886	1,729	6,624	-	29,857
Diasa DIA Sabanci Supermarketleri Ticaret, A.S.	2008 - 2012	-	10,979	9,343	6,725	5,624	25,121	-	57,792
DIA France	2010 - 2012	88,061	-	-	-	-	-	-	88,061
Proved SAS	2009 - 2012	4,496	-	-	-	-	-	-	4,496
Voiron Distribution SAS	2010 - 2012	1,127	-	-	-	-	-	-	1,127
Campus DIA SAS	2011	1	-	-	-	-	-	-	1
Total tax loss carryforwards		**117,311**	**29,258**	**25,353**	**27,436**	**18,950**	**63,801**	**175,488**	**457,597**

At 31 December 2012, the Group has not recognised deferred tax assets in respect of tax credits for loss carryforwards amounting to Euros 97,268 thousand, primarily because certain companies have not generated profits since their incorporation or because reasonable doubts exist with respect to the recoverability of these investments. In 2011 this balance totalled Euros 126,265 thousand and reflected net deferred assets corresponding to tax credits and temporary differences arising from investments in subsidiaries.

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

20. SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

At Group level, the maximum amount expected to be paid to beneficiaries of both plans is approximately Euros 47 million. Performance is measured over a period ending on 31 December 2014 and settlements are planned at various dates.

The expense relating to these plans totalled Euros 4,614 thousand in 2012 and in 2011 this expense, amounting to Euros 3,768 thousand, both registered in the income statement. In both cases the balancing entry was recognised under other own equity instruments.

21. OTHER INCOME AND EXPENSES

21.1. Other income

Details of other income are as follows:

Thousands of Euros	2012	2011
Fees and interest to finance companies	1,377	1,715
Service and quality penalties	31,064	27,260
Revenue from lease agreements	64,015	52,849
Other revenue from franchises	12,268	8,762
Revenue from commercial fees from concessions	6,151	5,953
Other income	21,776	18,414
Total other operating income	**136,651**	**114,953**

21.2. Merchandise and other consumables used

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

21.3. Personnel expenses

Details of personnel expenses are as follows:

Thousands of Euros	2012	2011
Salaries and wages	623,101	605,947
Social Security	165,690	160,236
Defined contribution plans	343	64
Expenses for share-based payment transactions	(416)	8,808
Other employee benefits expenses	24,841	28,632
Total personnel expenses	**813,559**	**803,687**

21.4. Operating expenses

Details of operating expenses are as follows:

Thousands of Euros	2012	2011
Repairs and maintenance	50,737	53,875
Utilities	105,337	103,674
Fees	19,127	19,776
Advertising	57,427	54,323
Taxes	35,332	38,126
Rentals, property	321,998	305,445
Rentals, equipment	11,129	8,921
Other general expenses	132,345	142,034
Other restructuring expenses and revenue	22,539	53,596
Total operating expenses	**755,971**	**779,770**

Other restructuring costs and income consist of non-recurring items such as the DIA Group's reorganisation plans and initiatives to improve efficiency and productivity in 2012 and 2011. In 2011 this item also included costs of Euros 18,573 thousand incurred on the spin-off from the Carrefour Group and the Group's subsequent listing on the Spanish stock exchanges, in addition to Euros 16,330 thousand corresponding to the claim for the rounding-off of VAT to Euro decimals (see note 18.2).

21.5. Amortisation, depreciation and impairment

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

Thousands of Euros	2012	2011
Amortisation of intangible assets	7,288	6,948
Depreciation of property, plant and equipment	271,827	270,440
Total amortisation and depreciation	**279,115**	**277,388**
Impairment of intangible assets	500	3,602
Impairment of property, plant and equipment	7,696	5,420
Total impairment	**8,196**	**9,022**

In 2010 the Group re-estimated the useful lives of the assets of the French stores to be adapted from the ED format to the DIA format, with an impact on depreciation of property, plant and equipment of Euros 8,009 thousand in 2011. In 2012 the impact on depreciation has been much less significant, amounting to Euros 128 thousand (see note 6).

21.6. Gains/losses on disposal of fixed assets

The results recognised on these transactions represent net losses of Euros 12,061 thousand in 2012 and Euros 4,295 thousand in 2011. Net losses recognised in Spain in 2012 and 2011 amounted to Euros 7,062 thousand and Euros 8,320 thousand, respectively. In France, the Group reported net losses of Euros 909 thousand in 2012 and a net gain of Euros 6,319 thousand in 2011, while in Turkey and Argentina the net result was a loss in both years, totalling Euros 1,522 thousand and Euros 2,247 thousand, respectively. These results are due primarily to the adaptation of stores to the new DIA Maxi and DIA Market formats and to the closure of the Adana warehouse in Turkey.

These amounts relate to property, plant and equipment are not affected by the recognition of intangible assets or goodwill. In France gains or losses have been generated on disposals of property, plant and equipment as well as intangible assets or goodwill.

Gains on disposals of property, plant and equipment amounted to Euros 4,196 thousand in 2012 (Euros 14,363 thousand in 2011).

21.7. Finance income and costs

Details of finance income are as follows:

Thousands of Euros	2012	2011
Interest on other loans and receivables	3,563	2,400
Dividends received	115	19
Income on financial securities	-	1,133
Exchange gains	2,194	1,518
Other finance income	2,495	3,544
Total financial income	**8,367**	**8,614**

Details of finance costs are as follows:

Thousands of Euros	2012	2011
Interest on bank loans	36,178	23,055
Finance expenses for finance leases	1,018	100
Exchange losses	2,469	3,033
Other finance expenses	19,849	17,818
Total financial expenses	**59,514**	**44,006**

Interest on bank loans includes the finance costs associated with the syndicated loan contracted by the Group, amounting to Euros 26,800 thousand in 2012 and Euros 17,073 thousand in 2011 (see note 17.1)

21.8. Transactions in currency different to Euro

Details of the exchange differences on currency different to Euro transactions are as follows:

Thousands of Euros	2012	2011
Currency exchange losses	(2,469)	(3,033)
Currency exchange gains	2,194	1,518
Trade exchange losses	(217)	(82)
Trade exchange gains	314	229
Total	**(178)**	**(1,368)**

At 31 December 2012 the Group has currency different to Euro balances with suppliers expressed in Euros amounting to Euros 442,150 thousand (Euros 429,905 thousand in 2011) that correspond mostly to balances in the functional currency for the companies of the Group.

Currency different to Euro purchases expressed in Euros, including the purchases made by subsidiaries whose functional currency is not the Euro amounted to Euros 2,719,703 thousand in 2012 (Euros 2,314,928 thousand in 2011).

22. COMMITMENTS AND CONTINGENCIES

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

These off-balance-sheet cash commitments comprise:
- available credit facilities which were unused at year end
- credit commitments made by the Group's finance company to customers within the scope of its operations, and banking commitments received.

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

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

Itemised details of commitments at 31 December, in thousands of Euros, are as follows:

22.1. Pledged:

Thousands of Euros at 31st december 2012	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	7.748	614	3.089	15.033	26.484
Credit facilities to customers (finance companies)	72.021	-	-	-	72.021
Cash	**79.769**	**614**	**3.089**	**15.033**	**98.505**
Purchase options	-	-	9.630	79.230	88.860
Put options	-	-	-	21.331	21.331
Commitments related to commercial contracts	22.153	5.149	3.421	186	30.909
Other commitments	6.052	5.246	10.969	13.929	36.196
Transactions / properties / expansion	**28.205**	**10.395**	**24.020**	**114.676**	**177.296**
Total	**107.974**	**11.009**	**27.109**	**129.709**	**275.801**

Thousands of Euros at 31st december 2011	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	18.930	1.579	4.042	17.610	42.161
Credit facilities to customers (finance companies)	25.458	46.155	-	-	71.613
Cash	**44.388**	**47.734**	**4.042**	**17.610**	**113.774**
Purchase options	6.740	-	8.550	88.128	103.418
Put options	-	-	-	21.331	21.331
Commitments related to commercial contracts	11.560	7.228	1.341	255	20.384
Other commitments	4.360	3.612	6.804	15.545	30.321
Transactions / properties / expansion	**22.660**	**10.840**	**16.695**	**125.259**	**175.454**
Total	**67.048**	**58.574**	**20.737**	**142.869**	**289.228**

22.2. Received:

Thousands of Euros at 31st december 2012	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	278,702	-	-	-	278,702
Other commitments related to cash	5,959	-	-	-	5,959
Cash	**284,661**	**-**	**-**	**-**	**284,661**
Guarantees received for commercial contracts	17,651	19,137	29,704	20,582	87,074
Other commitments	-	-	-	530	530
Transactions / properties / expansion	**17,651**	**19,137**	**29,704**	**21,112**	**87,604**
Total	**302,312**	**19,137**	**29,704**	**21,112**	**372,265**

Thousands of Euros at 31st december 2011	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	224,580	6,438	-	-	231,018
Cash	**224,580**	**6,438**	**-**	**-**	**231,018**
Guarantees received for commercial contracts	21,406	9,137	26,750	19,382	76,675
Other commitments	39	-	-	1,018	1,057
Transactions / properties / expansion	**21,445**	**9,137**	**26,750**	**20,400**	**77,732**
Total	**246,025**	**15,575**	**26,750**	**20,400**	**308,750**

23. RELATED PARTIES

Transactions and balances with related parties

In 2012 the Parent carried out trade operations totalling Euros 36,107 thousand with the Group's associates in France and with Bladis SAS. These transactions totalled Euros 47,922 thousand in 2011. The balances associated with these transactions presented in the statement of financial position at the 2012 reporting date are credits of Euros 4,449 thousand (see notes 9.2 and 9.3) and debits of Euros 4,533 thousand (see note 17.3). In 2011 these balances were credits of Euros 4,279 thousand (see note 9.2) and debits of Euros 4,215 thousand (see note 17.2).

Details of related party balances and transactions in 2011 were as follows:

Thousand of euros at 31st december 2011	Carrefour, S.A.	Other Carrefour companies Group	Total
Transactions			
Net sales	-	13,031	13,031
Operating lease income	-	186	186
Other services rendered	-	473	473
Financial instruments			
Finance income	-	345	345
Total income	**-**	**14,035**	**14,035**
Net purchases	-	5,532	5,532
Operating lease expenses	-	1,174	1,174
Other services received	21,673	4,247	25,920
Personnel expenses	-	114	114
Financial instruments			-
Finance expenses	-	5,177	5,177
Total Expenses	**21,673**	**16,244**	**37,917**

The above income and expense balances include transactions with Carrefour Group companies until 5 July 2011, when the DIA Group ceased to belong to this group. In 2011 dividends of Euros 368,600 thousand were distributed to Norfin Holder, S.A., the sole shareholder of the Parent until 5 July 2011.

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

Apart from the transactions with related parties disclosed above, in 2011 and 2012 the directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Parent or any other Group company.

Transactions with directors and senior management personnel

Details of remuneration received by the directors and senior management of the Group in 2012 and 2011 are as follows:

Thousands of Euros			
2012		2011	
Directors	Senior management personnel	Directors	Senior management personnel
1,756	3,527	1,123	2,832

The figure presented under directors for 2012 in the table above includes Euros 964 thousand earned in their capacity as board members (Euros 473 thousand in the prior year).

Article 39.5 of the Parent's articles of association requires the disclosure of the remuneration earned by each of the present members of the board of directors in 2012 and 2011. Details are as follows:

2012	Thousands of Euros			
Board members	Financial instruments	Fixed remuneration	Variable remuneration	Others
Ms Ana María Llopis Rivas	81.1	75	-	-
Mr Ricardo Currás de Don Pablos (*)	-	445	342	5
Mr Julián Díaz González	64.7	52	-	-
Mr Richard Golding	51.4	48	-	-
Mr. Mariano Martín Mampaso	59	48	-	-
Mr Pierre Cuilleret	64.7	52	-	-
Ms Rosalía Portela de Pablo	40.6	37	-	-
Mr Antonio Urcelay Alonso	40.6	37	-	-
Mr Nadra Moussalem	58.5	48	-	-
Mr Nicolas Brunel	58.5	48	-	-
Total	**519**	**890**	**342**	**5**

(*) Remuneration as director, he doesn't receive any remuneration as Board member.

2011	Thousands of Euros			
Board members	Financial instruments	Fixed remuneration	Variable remuneration	Others
Ms Ana María Llopis Rivas	75	-	-	-
Mr Ricardo Currás de Don Pablos (*)	37.5	426	221	3
Mr Julián Díaz González	52.5	-	-	-
Mr Richard Golding	47.5	-	-	-
Mr. Mariano Martín Mampaso	45	-	-	-
Mr Pierre Cuilleret	47.5	-	-	-
Ms Rosalía Portela de Pablo	37.5	-	-	-
Mr Antonio Urcelay Alonso	37.5	-	-	-
Mr Nadra Moussalem	47.5	-	-	-
Mr Nicolas Brunel	45	-	-	-
Total	**473**	**426**	**221**	**3**

(*) On 24 February 2012 Mr. Ricardo Currás de Don Pablos relinquished his remuneration as Board member for 2011.

At 31 December 2012 and 2011 no advances or loans have been received by the senior executives or directors, nor has the Group extended any guarantees on their behalf.

At 31 December 2012 and 2011, details of investments held by the directors and parties related to them in companies with identical, similar or complementary statutory activities to that of the Group and positions held, as well as functions and activities performed in these companies, are as follows:

2012

Director	Company	% interest	Position or function
Mr. Ricardo Currás de Don Pablos	Carrefour, S.A.	0.000	None
Mr. Nadra Moussalem	Carrefour, S.A.	0.000	None
Mrs.Diane Labruyére-Cuilleret	Carrefour, S.A.	0.005	Board member

2011

Director	Company	% interest	Position or function
Mr. Ricardo Currás de Don Pablos	Carrefour, S.A.	0.001	None
Mr. Nadra Moussalem	Carrefour, S.A.	0.000	None

24. FINANCIAL RISK MANAGEMENT: OBJECTIVES AND POLICIES

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

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

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

a) Financial risk factors

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

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

b) Currency risk

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

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

In 2012 and 2011 the Group has performed no significant transactions in currencies other than the functional currency of each company. However, the Group has contracted exchange rate insurance policies for isolated transactions in US Dollars.
The hedging transactions carried out during 2012 amounted to US Dollars 7,813 thousand (US Dollars 8,171 thousand in 2011), accounting for 98.38% of the operations made in this currency in 2012 (99.92% in 2011). At the 2012 year end, outstanding hedges in this currency total US Dollars 2,490 thousand (US Dollars 3,284 thousand in 2011) and expire in the next seven months. These transactions are not significant with respect to the Group's total volume of purchases.

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

At 31 December 2012 had the Euro strengthened/weakened by 10% against the US Dollar, with the other variables remaining constant, consolidated post-tax profit would have been Euros 373 thousand higher (Euros 343 thousand in 2011), mainly as a result of translating trade receivables and debt instruments classified as available-for-sale financial assets. Translation differences recognised under other comprehensive income are not significant and exchange differences arising on translation of foreign operations would not therefore lead to variations in equity.

Details of the Group's exposure to currency risk at 31 December 2012 and 2011 are provided in the following tables, which show the carrying amounts and types of the Group's financial instruments denominated in foreign currencies:

Thousands of Euros at 31st December 2012	Argentine Peso	Brazilian Real	Chinese Yuan	Turkish Lira
Other financial assets	3,523	5,321	564	-
Total non-current assets	3,523	5,321	564	-
Trade and other receivables	18,237	14,751	8,208	6,616
Current financial assets	2,421	999	314	280
Other assets	1,392	783	746	413
Cash and cash equivalents	43,258	52,242	8,134	35,553
Non-current assets held for sale	-	-	4,316	-
Total current assets	65,308	68,775	21,718	42,862
Total assets	**68,831**	**74,096**	**22,282**	**42,862**
Financial liabilities	-	-	-	839
Total non-current liabilities	-	-	-	839
Financial liabilities	2,001	1,888	15,889	66,260
Trade and other payables	177,349	191,247	37,064	64,110
Other current liabilities	25,949	20,146	4,586	8,117
Liabilities directly associated with non-current assets held for sale	-	-	21,955	-
Total current liabilities	205,299	213,281	79,494	138,487
Total liabilities	**205,299**	**213,281**	**79,494**	**139,326**
Net exposure to TDC risk	**(136,468)**	**(139,185)**	**(57,212)**	**(96,464)**

Thousands of Euros at 31st December 2011	Argentine Peso	Brazilian Real	Chinese Yuan	Turkish Lira
Other financial assets	1,745	350	193	-
Total non-current assets	1,745	350	193	-
Trade and other receivables	14,946	13,656	2,310	11,945
Current financial assets	2,815	4,168	368	365
Other assets	505	-	1,137	498
Cash and cash equivalents	53,831	51,547	4,479	30,985
Total current assets	72,097	69,371	8,294	43,793
Total assets	**73,842**	**69,721**	**8,487**	**43,793**
Financial liabilities	-	-	-	653
Total non-current liabilities	-	-	-	653
Financial liabilities	786	-	2,245	6,321
Trade and other payables	159,963	172,398	51,875	87,222
Other current liabilities	22,544	25,725	4,079	8,532
Total current liabilities	183,293	198,123	58,199	102,075
Total liabilities	**183,293**	**198,123**	**58,199**	**102,728**
Net exposure to TDC risk	**(109,451)**	**(128,402)**	**(49,712)**	**(58,935)**

c) Price risk

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

d) Credit risk

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

Details of the Group's exposure to credit risk at 31 December 2012 and 2011 and financial assets by remaining contracted maturity are as follows:

Thousands of Euros	Expiry	2012
Guarantees	per contract	35,927
Equity instruments	-	1,220
Loans to third parties	2014-2022	1,434
Loans to personnel	2014-2015	493
Trade receivables	2014-2023	21,998
Consumer loans from finance companies	2014	1,037
Other non-current finantial assets	2015-2017	4,181
Non-current assets		**66,290**
Guarantees	2013	259
Loans to personnel	2013	2,487
Other loans	2013	1,332
Loans on the sale of fixed assets	2013	2,313
Other assets	2013	2,722
Other assets group companies	2013	4,274
Trade receivables	2013	179,381
Receivables from group companies	2013	175
Consumer loans from finance companies	2013	5,444
Current assets	2013	**198,387**

Thousands of Euros	Expiry	2011
Guarantees	per contract	35,365
Equity instruments	-	1,310
Loans to third parties	2013-2021	1,167
Loans to personnel	2013-2014	557
Trade receivables	2013-2022	19,269
Consumer loans from finance companies	2013-2014	1,973
Non-current assets		**59,641**
Guarantees	2012	215
Loans to personnel	2012	3,011
Other loans	2012	255
Other assets	2012	15,261
Trade receivables	2012	186,975
Receivables from group companies	2012	4,279
Consumer loans from finance companies	2012	5,364
Current assets		**215,360**

The returns on these financial assets totalled Euros 3,040 thousand in 2012 (Euros 2,924 thousand in 2011).

Details of non-current and current trade and other receivables by maturity in 2012 and 2011 are as follows:

	Thousands of Euros			
Non-current	Total	Between 1 and 2 years	Between 3 and 5 years	Over five years
31 December 2012	**21,998**	8,393	12,054	1,551
31 December 2011	**19,269**	7,160	10,794	1,315

	Thousands of Euros					
Current	Total	Unmatured	Between 0 and 1 month	Between 2 and 3 months	Between 4 and 6 months	Between 7 and 12 months
31 December 2012	**179,556**	141,301	25,038	8,693	1,522	3,002
31 December 2011	**191,254**	152,920	17,016	12,419	4,303	4,596

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

e) Liquidity risk

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

Details of the Group's exposure to liquidity risk at 31 December 2012 and 2011 and financial liabilities by remaining contracted maturity are as follows:

Thousands of Euros	Maturity	2012
Finance lease payables	2014-2027	21,524
Mortgage loan	2014-2019	4,501
Syndicated loan	2014-2016	517,821
Other bank loans	2014-2025	3,935
Guarantees and deposits received	per contract	5,331
Total non-current financial liabilities		**553,112**
Finance lease payables	2013	3,106
Suppliers of fixed assets	2013	57,327
Mortgage loan	2013	1,103
Syndicated loan	2013	317,129
Other bank loans	2013	872
Credit facilities drawn down	2013	96,483
Expired interest	2013	2,001
Guarantees and deposits received	2013	4,991
Derivatives	2013	938
Trade and other payables	2013	1,758,570
Personnel	2013	84,884
Other current liabilities	2013	12,476
Total current financial liabilities		**2,339,880**

Thousands of Euros	Maturity	2011
Finance lease payables	2013-2014	171
Mortgage loan	2013-2019	5,604
Syndicated loan	2013-2016	584,949
Other bank loans	2013-2018	4,750
Guarantees and deposits received	per contract	4,182
Total non-current financial liabilities		**599,656**
Finance lease payables	2012	575
Suppliers of fixed assets	2012	78,995
Mortgage loan	2012	1,771
Syndicated loan	2012	247,128
Other bank loans	2012	1,785
Credit facilities drawn down	2012	10,220
Expired interest	2012	1,305
Guarantees and deposits received	2012	3,362
Trade and other payables	2012	1,780,233
Personnel	2012	92,718
Other current liabilities	2012	6,574
Total current financial liabilities		**2,224,666**

Details of non-current financial debt by maturity in 2012 and 2011 are as follows:

	Thousands of Euros			
	31 December 2012	Between 1 and 2 years	Between 3 and 5 years	Over five years
Finance lease payables	21,524	15,441	5,746	337
Mortgage loan	4,501	767	2,550	1,184
Bank loan	521,756	68,368	451,917	1,471
Guarantees and deposits received	5,331	-	-	5,331
Total non-current debt	**553,112**	**84,576**	**460,213**	**8,323**

	Thousands of Euros			
	31 December 2011	Between 1 and 2 years	Between 3 and 5 years	Over five years
Finance lease payables	171	171	-	-
Mortgage loan	5,604	1,103	2,422	2,079
Bank loan	589,699	68,618	519,290	1,791
Guarantees and deposits received	4,182	-	-	4,182
Total non-current debt	**599,656**	**69,892**	**521,712**	**8,052**

The finance costs accrued on these financial liabilities totalled Euros 37,196 thousand in 2012 (Euros 23,246 thousand in 2011).

f) Cash flow and fair value interest rate risks

On 21 December 2011 the Parent signed an equity swap contract with Société Générale whereby the latter acquired 13,586,720 own shares. This contract, which expires on 21 January 2013, can be settled by the Parent receiving the shares or receiving a cash amount equal to the difference between the price at the purchase date and at the date of sale. This year the DIA Group has recognised income of Euros 17,011 thousand under changes in the fair value of financial instruments in relation to this contract, as well as dividend income of Euros 1,270 thousand (see note 10).

Interest rate risk arises from non-current borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risks. In line with its risk management policy, the Group arranges interest rate hedges to mitigate the effect of interest rate fluctuations on its income statement. A 0.5 percentage point rise in interest rates would have reduced profit after tax by Euros 270 thousand this year (Euros 1,569 thousand in the prior year).

25. OTHER INFORMATION

25.1. Employee information

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

	2012	2011
Management	212	207
Middle management	1,485	1,429
Other employees	42,428	43,649
Total	**44,125**	**45,285**

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

	2012		2011	
	Female	Male	Female	Male
Board memebers	2	8	2	8
Senior management	2	7	2	7
Other management	54	149	53	147
Middle management	594	963	539	905
Other employees	29,891	15,735	29,927	15,430
Total	**30,543**	**16,862**	**30,523**	**16,497**

During 2012 the Group employed one executive, five junior managers (three in 2011) and 449 other employees (329 in 2011) with a disability rating of 33% or above (or an equivalent local classification).

25.2. Audit fees

KPMG Auditores, S.L., the auditors of the annual accounts of the Parent, Finandia, E.F.C., S.A.U., Twins Alimentación, S.A.U. and Pe-tra Servicios a la Distribución, S.L.U., have invoiced the Group the following fees and expenses for professional services during 2012 and 2011:

Thousands of Euros	2012	2011
Audit services	290	344
Audit -related professional services	21	217
Other services	29	30
Total	**340**	**591**

Audit services detailed above include the total fees for the audit of each year, irrespective of the date of invoice.

Other KPMG Europe, LLP group companies have invoiced the Group the following net fees for professional services during the years ended 31 December 2012 and 2011:

Thousands of Euros	2012	2011
Audit services	47	76
Audit-related professional services	25	-
Other services	240	58
Total	**312**	**134**

During 2012 and 2011 other entities associated with KPMG International have invoiced the Group fees and expenses for professional services as follows:

Thousands of Euros	2012	2011
Audit services	520	579
Audit-related professional services	8	11
Total	**528**	**590**

25.3. Environmental information

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

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

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

26. EVENTS AFTER THE REPORTING DATE

With effect from 21 January 2013, the Parent has signed an extension to the contract for the acquisition of 13,586,720 own shares signed on 21 December 2011. In this extension, the parties have agreed to modify the settlement options, leaving only the share-based option. With this contract, the Parent has therefore taken on a firm commitment to acquire these own shares. The date for the purchase of 8,086,720 of these shares is six months from the extension signature date, and the remaining 5,500,000 shares must be acquired by the contract expiry date, 21 January 2014.

In an agreement signed between DIA and Schlecker International GmbH on 28 September 2012, DIA agreed to acquire 100% of the share capital of Schlecker, S.A. Unipersonal ("Schlecker Spain") and, indirectly, 100% of the share capital of Schlecker Portugal, Sociedade Uniperssoal Lda. Once authorisation had been obtained from the Spanish and Portuguese competition authorities, the final sale and purchase contract was signed on 1 February 2013, which is, therefore, the date on which the Parent took control over the acquired businesses. DIA agreed a total price of Euros 69,287,307.46 for 100% of Schlecker Spain and Schlecker Portugal's share capital and certain industrial property rights and other credit rights associated with these businesses. This price was calculated based on (a) an enterprise value of Euros 70,500,000 for Schlecker Spain, and (b) Schlecker Spain and Schlecker Portugal's respective debt and cash balances. This price has still to be adjusted using the usual mechanisms for transactions of this nature. Due to the reason that the acquired companies have not made their annual accounts for 2012, at the date of preparation of these consolidated financial statements has not been possible to determine the fair value of the assets, liabilities and contingent liabilities acquired by the Group.

On 8 February 2013, the company signed a syndicated loan with a syndicate of 6 international banks, with variable rate, maturing 8 February 2017 for an amount of Euros 200 million, whose purpose is the acquisition of 100% shares of Schlecker Spain and Portugal and other general needs of the Company.

The Board will propose to the ordinary general shareholders meeting amortization of 28,265,442 shares representative of the 4.16% of the capital; these shares will be written-off from the own shares and those acquired through the "Equity Swap" contract.

CONSOLIDATED DIRECTORS' REPORT

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

In 2012 gross sales under banner reached EUR11.7bn, up 5.6% (6.7% at constant currency) while gross profit grew by 3.1% with a 19bps decline in the gross margin. As for Opex, the excellent work and the increase in the share of franchises are reflected in the 1.1% growth rate, three percentage points less than net sales growth.

Adjusted EBITDA in 2012 increased by 8.6% to EUR609.5m (9.4% ex-currency), which implied a 25bps improvement in the adjusted EBITDA margin to 6.0%. The impact on adjusted EBITDA of the discontinuation of Beijing activities in 2012 was EUR5.1m (vs EUR2.7m in 2011). Adjusted EBIT rose by 13.3% to EUR330.5m, reflecting a 27bps expansion in the adjusted EBIT margin to 3.3%.

Net attributable profit went up 60% to EUR157.9m in the full year 2012, while underlying net profit grew by 19.3% to EUR190.1m. The effective tax rate of 2012 declined from 46% to 40%. Excluding the negative tax basis of France, Turkey and China, the adjusted tax rate of 2012 would be 33.4%.

DIA GROUP: 2012 RESULTS

(EURm)	2011 (1)	%	2012	%	INC	INC w/o FX
Gross sales under banner	**11,062.3**		**11,678.9**		**5.6%**	**6.7%**
Net sales	**9,728.5**	**100.0%**	**10,124.3**	**100.0%**	**4.1%**	**5.2%**
Cost of sales & other income	(7,637.6)	-78.5%	(7,967.8)	-78.7%	4.3%	5.6%
Gross profit	**2,091.0**	**21.5%**	**2,156.5**	**21.3%**	**3.1%**	**3.9%**
Labour costs	(803.7)	-8.3%	(813.6)	-8.0%	1.2%	2.0%
Other operating expenses	(420.7)	-4.3%	(411.4)	-4.1%	-2.2%	-0.9%
Real estate rents	(305.4)	-3.1%	(322.0)	-3.2%	5.4%	5.6%
OPEX	**(1,529.9)**	**-15.7%**	**(1,547.0)**	**-15.3%**	**1.1%**	**1.9%**
Adjusted EBITDA (2)	**561.1**	**5.8%**	**609.5**	**6.0%**	**8.6%**	**9.4%**
D&A	(269.4)	-2.8%	(279.0)	-2.8%	3.6%	4.1%
Adjusted EBIT (2)	**291.7**	**3.0%**	**330.5**	**3.3%**	**13.3%**	**14.3%**
Non-recurring items	(74.9)	-0.8%	(42.9)	-0.4%	-42.7%	-42.7%
EBIT	**216.8**	**2.2%**	**287.6**	**2.8%**	**32.6%**	**34.0%**
Net financial income/expenses	(35.4)	-0.4%	(33.0)	-0.3%	-6.9%	-6.4%
Associate companies	0.9	0.0%	1.1	0.0%	23.0%	34.2%
EBT	**182.3**	**1.9%**	**255.7**	**2.5%**	**40.3%**	**41.8%**
Income taxes	(83.4)	-0.9%	(101.8)	-1.0%	22.0%	22.6%
Consolidated profit	**98.8**	**1.0%**	**153.8**	**1.5%**	**55.7%**	**58.0%**
Discontinued operations	(4.5)	-0.0%	(7.5)	-0.1%	67.4%	50.9%
Minority interests	4.1	0.0%	11.5	0.1%	181.3%	177.9%
Net attributable profit	**98.5**	**1.0%**	**157.9**	**1.6%**	**60.4%**	**63.4%**
Underlying net profit	**159.3**	**1.6%**	**190.1**	**1.9%**	**19.3%**	

(1) Pro-forma figures with Beijing activities discontinued. (2) Adjusted by non-recurring items

Non-recurring items fell sharply in 2012 to EUR42.9m. The Ed to DIA transformation process in France was completed last August, while the number of stores upgraded during 2012 to the new Market and Maxi II versions was not material. The costs related to the long term incentive programmes have been reclassified from labour costs to non-recurrent items to better reflect the underlying trend of operating costs. These incentives are exceptional and will be settled in shares which have been already acquired by the company.

NON-RECURRING ITEMS

(EURm)	2011 (1)	%	2012	%	INC
Restructuring costs	(53.6)	-0.6%	(22.5)	-0.2%	-57.9%
Impairment & other	(17.0)	-0.2%	(8.3)	-0.1%	-51.1%
Gains/losses on disposal of assets	(4.3)	-0.0%	(12.1)	-0.1%	180.8%
Total non-recurring items	**(74.9)**	**-0.8%**	**(42.9)**	**-0.4%**	**-42.7%**

(1) Pro-forma figures with Beijing activities discontinued.

▪ WORKING CAPITAL & NET DEBT

DIA's negative working capital reached EUR1.05bn, which represents a minor decrease of EUR15m. The value of the stock rose by 1.0% in spite of the net addition of 244 stores and a 2.8% increase in store selling area, with a reduction in the number of inventory days from 24.4 to 23.7. The 1.2% decline in trade & other payables can be partly attributed to the advanced payments carried out in Argentina, the slowdown of sales growth in Turkey and the discontinuation of the Beijing activities.

WORKING CAPITAL

(EURm)	2011	2012	INC
Inventories	521.9	527.1	1.0%
Trade & other receivables	191.3	179.6	-6.1%
Trade & other payables	1,780.2	1,758.6	-1.2%
Trade working capital	**(1,067.0)**	**(1,051.9)**	**-1.4%**

At the end of December 2012, net debt was EUR629.3m, up EUR53.5m versus the same period last year. The change in net debt was affected in 2012 by several exceptional issues such as the purchase of 1% of the treasury stock (EUR24.0m), the reclassification from operating to financial leases carried out in France (EUR24.0m) and other taxes/legal issues paid after the settlement of claims already provisioned (EUR73.0m). This amount of net debt implies a stable 1.0x net debt to adjusted EBITDA ratio.

NET DEBT

(EURm)	2011	2012	INC
Long-term debt	599.7	553.1	-7.8%
Short-term debt	266.1	426.6	60.3%
Total debt	865.8	979.7	13.2%
Cash & cash equivalents	(289.9)	(350.4)	20.9%
Net debt	**575.9**	**629.3**	**9.3%**
Net debt / Adjusted EBITDA LTM	**1.0x**	**1.0x**	**0.6%**

The adjustments to net attributable profit and to underlying profit are shown in the following table.

UNDERLYING NET PROFIT

	2011 (1)	2012	INC
Net attributable profit	98.5	157.9	60.3%
Non-recurring items (2)	78.3	41.1	-47.5%
Equity-swap & other financials	-9.4	-13.4	43.3%
Discontinued operations	4.5	7.5	66.7%
Taxes	-12.6	-3.0	-76.2%
UNDERLYING NET PROFIT	**159.3**	**190.1**	**19.3%**

(1) Pro-forma figures with Beijing activities discontinued, (2) Adjusted by LTIP costs in 2011 and minority stakes.

As of 31 December 2012 the company held in treasury stock 20,178,722 shares acquired at an average price of EUR3.1107/share. Additionally, the company held indirectly through an equity swap 13,586,720 shares at price of EUR3.558/share.

TREASURY STOCK & EPS

	2011 (1)	2012	INC
Number of shares outstanding	679,336,000	679,336,000	0.0%
Average number of treasury shares	4,531,060	17,042,103	276.1%
Year-end number of treasury shares	13,500,984	20,178,722	49.5%
WEIGHTED AVERAGE NUMBER OF SHARES	**674,804,940**	**662,293,897**	**-1.9%**
Reported EPS	€0.146	€0.238	63.4%
Underlying EPS (2)	€0.236	€0.287	21.6%

(1) Pro-forma figures with Beijing activities discontinued, (2) Underlying net profit / weighted average number of shares

The Board of Directors will propose to the AGM a dividend distribution of EUR0.13 per share, an amount that is 18.2% higher than the EUR0.11 dividend paid against 2011 profits. This dividend payment represents a pay-out ratio calculated on underlying net profit of 46.5%.

In addition to the dividend payment, the Board of Directors will propose to the AGM the cancellation of 28,265,442 shares representative of 4.16% of the capital. These shares represent an equivalent amount of EUR167m at current market prices (EUR5.9/share).

After the cancellation of the 4.16% shares of treasury stock DIA will continue to hold 5,500,000 shares (0.81% of the capital) as treasury stock to cover the potential distribution of shares related with the execution of the long term incentive plan approved by the AGM in 2012.

▪ STORES & EXPANSION

At the end of 2012, DIA operated 6,914 stores (7,085 stores with Beijing), which represents a net addition of 244 stores in 2012 in comparable terms. The number of integrated (COCO) stores fell by 147 from 4,171 to 4,024. The total number of franchised stores already represents 41.8% of the total company's network, 4.3 percentage points more than a year ago .

NUMBER OF STORES

	2011 (1)	%	2012	%	CHANGE
DIA Urban	1,092	37.7%	610	22.2%	-482
DIA Market	1,804	62.3%	2,134	77.8%	330
Proximity stores	**2,896**	**43.4%**	**2,744**	**39.7%**	**-152**
DIA Parking	247	19.4%	44	3.4%	-203
DIA Maxi	1,028	80.6%	1,236	96.6%	208
Attraction stores	**1,275**	**19.1%**	**1,280**	**18.5%**	**5**
Total COCO stores	**4,171**	**62.5%**	**4,024**	**58.2%**	**-147**
FOFO	1,529	61.2%	1,619	56.0%	90
COFO	970	38.8%	1,271	44.0%	301
Total franchised stores	**2,499**	**37.5%**	**2,890**	**41.8%**	**391**
TOTAL NUMBER OF STORES	**6,670**	**100.0%**	**6,914**	**100.0%**	**244**

(1) Pro-forma figures with Beijing activities discontinued.

In 2012, total capex reached EUR331.7m, of which EUR95.6m was devoted to the expansion of the network, 11% more than in 2011. Capex in France was down 34% in 2012, while in Brazil it grew by 34% in the same period. In this regard, in 2012 Iberia and the Latam countries represented two-thirds of the company's total investment.

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

CAPEX

BY SEGMENT (EURm)	2011	2012	INC
Iberia	120.2	133.3	10.8%
Emerging markets	90.8	106.2	17.0%
France	138.9	92.2	-33.6%
TOTAL	**349.9**	**331.7**	**-5.2%**
BY CONCEPT (EURm)	**2011**	**2012**	**INC**
Openings	86.1	95.6	11.1%
Remodelling	154.8	92.0	-40.5%
On-going	109.0	144.1	32.1%
TOTAL	**349.9**	**331.7**	**-5.2%**

BUSINESS REVIEW BY GEOGRAPHIC SEGMENT

IBERIA

(EURm)	2011	2012	INC	INC (w/o FX)
Gross sales under banner	**5,600.0**	**5,868.9**	**4.8%**	**4.8%**
LFL gross sales under banner				1.7%
Net sales	4,947.1	5,117.5	3.4%	3.4%
Adjusted EBITDA (1)	**413.7**	**456.9**	**10.4%**	**10.4%**
Adjusted EBITDA margin	8.4%	8.9%	56 bps	
Adjusted EBIT (1)	**256.2**	**300.0**	**17.1%**	**17.1%**
Adjusted EBIT margin	5.2%	5.9%	68 bps	

(1) Adjusted by non-recurring items

EMERGING MARKETS

(EURm)	2011 (1)	2012	INC	INC (w/o FX)
Gross sales under banner	**2,817.6**	**3,364.9**	**19.4%**	**24.0%**
LFL gross sales under banner				15.0%
Net sales	2,424.6	2,867.3	18.3%	22.8%
Adjusted EBITDA (2)	**58.8**	**59.0**	**0.3%**	**7.7%**
Adjusted EBITDA margin	2.4%	2.1%	-37	
Adjusted EBIT (2)	**24.3**	**16.9**	**-30.1%**	**-17.7%**
Adjusted EBIT margin	1.0%	0.6%	-41	

(1) Pro-forma figures with Beijing activities discontinued (2) Adjusted by non-recurring items

FRANCE

(EURm)	2011	2012	INC	INC (w/o FX)
Gross sales under banner	**2,644.8**	**2,445.1**	**-7.5%**	**-7.5%**
LFL gross sales under banner				-6.9%
Net sales	2,356.9	2,139.5	-9.2%	-9.2%
Adjusted EBITDA (1)	**88.5**	**93.6**	**5.7%**	**5.7%**
Adjusted EBITDA margin	3.8%	4.4%	62 bps	
Adjusted EBIT (1)	**11.3**	**13.6**	**20.5%**	**20.5%**
Adjusted EBIT margin	0.5%	0.6%	16 bps	

(1) Adjusted by non-recurring items

NUMBER OF STORES BY OPERATIONAL MODEL

		2011 [1]	%	2012	%	CHANGE
Iberia	COCO	1,985	58.7%	1,948	55.7%	-37
	COFO	523	15.5%	652	18.6%	129
	FOFO	872	25.8%	897	25.7%	25
	IBERIA	**3,380**	**100.0%**	**3,497**	**100.0%**	**117**
E. Markets	COCO	1,515	63.8%	1,443	57.1%	-72
	COFO	250	10.5%	396	15.7%	146
	FOFO	609	25.7%	690	27.3%	81
	EMERGING MARKETS	**2,374**	**100.0%**	**2,529**	**100.0%**	**155**
France	COCO	671	73.3%	633	71.3%	-38
	COFO	197	21.5%	223	25.1%	26
	FOFO	48	5.2%	32	3.6%	-16
	FRANCE	**916**	**100.0%**	**888**	**100.0%**	**-28**
DIA GROUP	**COCO**	4,171	62.5%	4,024	58.2%	-147
	COFO	970	14.5%	1,271	18.4%	301
	FOFO	1,529	22.9%	1,619	23.4%	90
	TOTAL DIA	**6,670**	**100.0%**	**6,914**	**100.0%**	**244**

(1) Pro-forma figures with Beijing activities discontinued.

STORES BY COUNTRY

(Mln sqm)	2011 [1]			2012			INC
	COCO	COFO+FOFO	TOTAL	COCO	COFO+FOFO	TOTAL	
Spain	1,640	1,187	2,827	1,615	1,310	2,925	98
Portugal	345	208	553	333	239	572	19
IBERIA	**1,985**	**1,395**	**3,380**	**1,948**	**1,549**	**3,497**	**117**
Argentina	376	119	495	403	156	559	64
Brazil	249	231	480	249	312	561	81
Turkey	703	412	1,115	614	479	1,093	-22
China	187	97	284	177	139	316	32
EMERGING MARKETS	**1,515**	**859**	**2,374**	**1,443**	**1,086**	**2,529**	**155**
FRANCE	**671**	**245**	**916**	**633**	**255**	**888**	**-28**
TOTAL DIA	**4,171**	**2,499**	**6,670**	**4,024**	**2,890**	**6,914**	**244**

(1) Pro-forma figures with Beijing activities discontinued.

During 2012, DIA added 98 stores in Spain, of which 18 under the new DIA Fresh banner. In emerging markets, DIA accelerated openings in Brazil and Argentina. Excluding Turkey, the net number of openings in 2012 was 266, fully consistent with the 225-275 updated target of net stores guided for the year at the last Investor Day.

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STORE SELLING AREA

(Mln sqm)	2011 (1)	%	2012	%	INC
Spain	1.2150	44.3%	1.2429	44.1%	2.3%
Portugal	0.2113	7.7%	0.2172	7.7%	2.8%
IBERIA	**1.4264**	**52.0%**	**1.4601**	**51.8%**	**2.4%**
Argentina	0.1479	5.4%	0.1649	5.8%	11.5%
Brazil	0.2088	7.6%	0.2573	9.1%	23.2%
Turkey	0.2284	8.3%	0.2230	7.9%	-2.4%
China	0.0667	2.4%	0.0713	2.5%	7.0%
EMERGING MARKETS	**0.6518**	**23.8%**	**0.7165**	**25.4%**	**9.9%**
FRANCE	**0.6643**	**24.2%**	**0.6418**	**22.8%**	**-3.4%**
TOTAL DIA	**2.7424**	**100.0%**	**2.8184**	**100.0%**	**2.8%**

(1) Pro-forma figures with Beijing activities discontinued

▪ SALES BY COUNTRY

GROSS SALES UNDER BANNER

(EURm)	2011 (1)	%	2012	%	INC	INC (w/o FX)
Spain	4,665.8	42.2%	4,919.6	42.1%	5.4%	5.4%
Portugal	934.2	8.4%	949.2	8.1%	1.6%	1.6%
IBERIA	**5,600.0**	**50.6%**	**5,868.9**	**50.3%**	**4.8%**	**4.8%**
Argentina	868.0	7.8%	1,189.0	10.2%	37.0%	39.8%
Brazil	1,341.6	12.1%	1,529.2	13.1%	14.0%	23.1%
Turkey	461.9	4.2%	468.9	4.0%	1.5%	1.2%
China	146.0	1.3%	177.7	1.5%	21.7%	9.6%
EMERGING COUNTRIES	**2,817.6**	**25.5%**	**3,364.9**	**28.8%**	**19.4%**	**24.0%**
FRANCE	**2,644.8**	**23.9%**	**2,445.1**	**20.9%**	**-7.5%**	**-7.5%**
TOTAL DIA	**11,062.3**	**100.0%**	**11,678.9**	**100.0%**	**5.6%**	**6.7%**

(1) Pro-forma figures with Beijing activities discontinued

NET SALES

(EURm)	2011 (1)	%	2012	%	INC	INC (w/o FX)
Spain	4,140.6	42.6%	4,317.3	42.6%	4.3%	4.3%
Portugal	806.4	8.3%	800.2	7.9%	-0.8%	-0.8%
IBERIA	**4,947.1**	**50.9%**	**5,117.5**	**50.5%**	**3.4%**	**3.4%**
Argentina	695.5	7.1%	951.6	9.4%	36.8%	39.5%
Brazil	1,194.4	12.3%	1,350.6	13.3%	13.1%	22.2%
Turkey	412.1	4.2%	416.8	4.1%	1.1%	0.3%
China	122.6	1.3%	148.3	1.5%	20.9%	9.0%
EMERGING COUNTRIES	**2,424.6**	**24.9%**	**2,867.3**	**28.3%**	**18.3%**	**22.8%**
FRANCE	**2,356.9**	**24.2%**	**2,139.5**	**21.1%**	**-9.2%**	**-9.2%**
TOTAL DIA	**9,728.5**	**100.0%**	**10,124.3**	**100.0%**	**4.1%**	**5.2%**

(1) Pro-forma figures with Beijing activities discontinued

GLOSSARY

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

Net sales: sum of the revenues generated in our integrated stores and the sales to franchises.

LFL sales growth under banner: growth rate of gross sales under banner of all DIA stores which have been operating for more than a year.

Adjusted EBITDA: operating profit after adding back restructuring costs, impairment, re-estimation of useful life and gains/losses arisen on disposal of assets and depreciation and amortization of fixed assets.

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

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

▪ OTHER INFORMATION

- Non-current assets held for sale and associated liabilities

As the Group is actively seeking to sell its investment in Beijing DIA Commercial Co., LTD., this asset qualifies for classification as an available-for-sale non-current asset at 31 December 2012 and has therefore been measured at fair value less costs to sell and transferred to current assets.

- Risks and uncertainties

Risk management is controlled by the Group's finance department, which identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units. The Group's risks and uncertainties are described in note 24 to the consolidated annual accounts.

- Environmental issues

The DIA Group is committed to environmental issues and aims to minimise its activity's impact on the environment, although it never loses sight of the economic cost of its actions. It strongly supports environmental protection as well as the development and management of a sustainable activity based on efficiency, ongoing improvements and finding new tools to control and reduce the impact caused by its business.

- Research and development expenses

DIA's R&D costs are minimal as a percentage of the total expenditure incurred in carrying out its statutory activities.

- Parent own shares

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

- The maximum number of own shares that can be acquired is equivalent to 2% of share capital.
- The maximum duration of the programme will be 12 months, unless an amendment to the term is announced in accordance with article 4 of Commission Regulation (EC) No 2273/2003.

- The purpose of the programme is to meet obligations derived from the remuneration plan for board members and from the terms of any share distribution or share option plans approved by the board of directors.

- A financial intermediary will be appointed to manage the programme, in accordance with article 6.3 of Commission Regulation (EC) No 2273/2003.

By 13 October 2011 the Parent 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 agreed the realization of buy back own shares of DIA up to a maximum amount equivalent to 2% of the Company's share capital (additional to those already held by the Company at the date of this agreement).

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

Other transactions during 2012 include the transfer of 115,622 shares to the Parent's directors and senior management personnel as remuneration, with a charge of Euros 148 thousand to voluntary reserves. In 2011 85,736 shares were transferred to the Group's directors as remuneration, with a charge of Euros 22 thousand to voluntary reserves.

As a result, at the 2012 year end the Parent holds 20,178,722 own shares with an average purchase price of Euros 3.1107 per share which represent a total amount of 62,769,075.43 Euros .

- Events after the reporting date

With effect from 21 January 2013, the Parent has signed an extension to the contract for the acquisition of 13,586,720 own shares signed on 21 December 2011. In this extension, the parties have agreed to modify the settlement options, leaving only the share-based option. With this contract, the Parent has therefore taken on a firm commitment to acquire these own shares. The date for the purchase of 8,086,720 of these shares is six months from the extension signature date, and the remaining 5,500,000 shares must be acquired by the contract expiry date, 21 January 2014.

In an agreement signed between DIA and Schlecker International GmbH on 28 September 2012, DIA agreed to acquire 100% of the share capital of Schlecker, S.A. Unipersonal ("Schlecker Spain") and, indirectly, 100% of the share capital of Schlecker Portugal, Sociedade Uniperssoal Lda. Once authorisation had been obtained from the Spanish and Portuguese competition authorities, the final sale and purchase contract was signed on 1 February 2013, which is, therefore, the date on which the Parent took control over the acquired businesses. DIA agreed a total price of Euros 69,287,307.46 for 100% of Schlecker Spain and Schlecker Portugal's share capital and certain industrial property rights and other credit rights associated with these businesses. This price was calculated based on (a) an enterprise value of Euros 70,500,000 for Schlecker Spain, and (b) Schlecker Spain and Schlecker Portugal's respective debt and cash balances. This price has still to be adjusted using the usual mechanisms for transactions of this nature. As the acquired companies have not prepared annual accounts for 2012, the fair values of the assets, liabilities and contingent liabilities acquired by the Group cannot be determined at the date of authorisation for issue of these consolidated annual accounts.

To fund the acquisition of these 100% stakes in Schlecker Spain and Portugal, as well as other general financing requirements of the Parent, on 8 February 2013 DIA signed an agreement to borrow Euros 200 million from a syndicate of six international credit institutions. This loan bears interest at a variable rate and falls due on 8 February 2017.

At the ordinary general meeting of shareholders, the directors will table a proposal to redeem 28,265,442 shares, representing 4.16% of the Company's capital, from the own shares held by the Company and acquired through the equity swap contract.

- **Corporate Governance Report**

  The DIA Group's corporate governance report is available at www.diacorporate.com and is published as price-sensitive information on the CNMV (Spanish National Securities Market Commission) website.