Distribuidora Internacional de Alimentación, S.A.

Annual Accounts and Consolidated Directors' Report

31 December 2011

(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 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 annual accounts of Distribuidora Internacional de Alimentación, S.A. (the "Company"), which comprise the balance sheet at 31 December 2011, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended and the notes thereto. The Company's Directors are responsible for the preparation of the annual accounts in accordance with the financial information reporting framework applicable to the entity (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein. Our responsibility is to express an opinion on the 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 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 annual accounts for 2011 present fairly, in all material respects, the equity and financial position of Distribuidora Internacional de Alimentación, S.A. at 31 December 2011, and the results of its operations and its cash flows for the year then ended, in accordance with the applicable financial information reporting framework and, in particular, with the accounting principles and criteria set forth therein.

The accompanying directors' report for 2011 contains such explanations as the Directors consider relevant to the situation of Distribuidora Internacional de Alimentación, S.A., the evolution of its business and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2011. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

(*Signed on the original in Spanish*).

José Ignacio Rodríguez Prado

27 February 2012

BALANCE

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

BALANCE
for the years ended 31 December 2011 and 2010
(Expressed in thousands of Euros)

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

ASSETS	Notes	December 2011	December 2010
Intangible assets	5	**46.659**	**44.510**
Development		-	105
Concessions		394	425
Patents, licences, trademarks and similar rights		72	72
Goodwill		35.956	36.803
Computer software		5.385	1.470
Other intangible assets		4.852	5.635
Property, plant and equipment	6	**507.913**	**537.202**
Land and buildings		204.684	205.250
Technical installations, machinery, equipment, furniture and other items		301.212	330.807
Under construction and advances		2.017	1.145
Non-current investments in group companies and associates		**1.294.438**	**1.284.395**
Equity instruments	11	1.242.438	1.229.395
Loans to companies	12 (a)	52.000	55.000
Non-current investments	12 (b)	**14.339**	**13.872**
Equity instruments		36	36
Loans to third parties		1.410	1.053
Other financial assets		12.893	12.519
Other investments		-	264
Trade and other receivables		**25.323**	**19.238**
Trade receivables (exceeding operating cycle)	12 (c)	19.269	13.170
Non-current prepayments	14	6.054	6.068
Deferred tax assets	23	**32.783**	**36.230**
Total non-current assets		**1.921.455**	**1.935.447**
Inventories	13	**188.872**	**204.408**
Goods for resale		185.221	200.417
Raw materials and other supplies		3.508	3.839
Advances to suppliers		143	152
Trade and other receivables	12 (c)	**163.539**	**153.251**
Trade receivables - current		29.535	16.070
Trade receivables from group companies and associates		88.635	105.663
Other receivables		33.357	30.866
Personnel		472	396
Current tax assets		11.405	2
Public entities, other		135	254
Current investments in group companies and associates	12 (a)	**411.796**	**18.892**
Loans		3.000	-
Other financial assets		408.796	18.892
Current investments	12 (b)	**909**	**594**
Loans		670	594
Derivatives		239	-
Prepayments for current assets	14	**3.319**	**1.637**
Cash and cash equivalents		**42.720**	**38.739**
Cash		28.162	38.739
Cash equivalents		14.558	-
Total current assets		**811.155**	**417.521**
TOTAL ASSETS		**2.732.610**	**2.352.968**

The accompanying notes form an integral part of the annual accounts for 2011.

BALANCE
for the years ended 31 December 2011 and 2010
(Expressed in thousands of Euros)

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

EQUITY AND LIABILITIES	Notes	December 2011	December 2010
Capital and reserves without valuation adjustments	16	**787,663**	**1,071,964**
Capital		**67,934**	**3,899**
Registered capital		67,934	3,899
Share premium		**618,157**	**848,533**
Reserves		**18,227**	**5,902**
Legal and statutory reserves		780	780
Other reserves		17,447	5,122
(Own shares)		**(39,151)**	**-**
Other equityholder contributions	20	**-**	**10,827**
Profit for the year		**121,049**	**202,803**
Other equity instruments		**1,447**	**-**
Valuation adjustments		**167**	**(20)**
Hedging transactions		167	(20)
Grants, donations and bequests received	17	**724**	**882**
Total equity		**788,554**	**1,072,826**
Non-current provisions	18	**107,057**	**123,450**
Long-term employee benefits	19	496	766
Other provisions	21	106,561	122,684
Non-current payables	22 (b)	**586,665**	**1,236**
Debt with financial institutions		585,035	100
Other financial liabilities		1,630	1,136
Deferred tax liabilities	23	**102,914**	**71,651**
Total non-current liabilities		**796,636**	**196,337**
Current provisions	18	**2,882**	**2,401**
Current payables	22 (b)	**256,412**	**11,481**
Debt with financial institutions		249,812	2,810
Finance lease payables		8	375
Derivatives		-	20
Other financial liabilities		6,592	8,276
Group companies and associates, current	22 (a)	**43,313**	**236,956**
Trade and other payables	22 (d)	**844,784**	**832,918**
Current suppliers		697,560	682,877
Suppliers, group companies and associates, current		11,971	19,140
Other payables		82,868	77,466
Personnel (salaries payable)		25,563	24,917
Public entities, other		26,822	28,518
Current accruals		**29**	**49**
Total current liabilities		**1,147,420**	**1,083,805**
TOTAL EQUITY AND LIABILITIES		**2,732,610**	**2,352,968**

The accompanying notes form an integral part of the annual accounts for 2011.

INCOME STATEMENTS

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

INCOME STATEMENTS
for the years ended 31 December 2011 and 2010
(Expressed in thousands of Euros)

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

INCOME STATEMENT	Notes	December 2011	December 2010
Revenues	26 (a)	**4,059,856**	**4,033,843**
Sales		4,059,856	4,033,843
Work carried out by the company for assets		**4,181**	**1,607**
Supplies	26 (b)	**(3,108,367)**	**(3,087,126)**
Merchandise used		(3,054,244)	(3,041,143)
Raw materials and consumables used		(11,106)	(7,036)
Subcontracted work		(43,522)	(38,841)
Impairment of merchandise, raw materials and other supplies		505	(106)
Other operating income		**98,638**	**85,630**
Non-trading and other operating income		98,225	85,172
Operating grants taken to income		413	458
Personnel expenses		**(417,947)**	**(429,113)**
Salaries and wages		(336,184)	(346,642)
Employee benefits expense	25 (c)	(81,763)	(82,339)
Provisions		-	(132)
Other operating expenses		**(361,846)**	**(356,750)**
External services		(344,781)	(336,759)
Taxes		(9,999)	(10,578)
Losses, impairment and changes in trade provisions		(3,047)	(2,234)
Other operating expenses		(4,019)	(7,179)
Amortisation and depreciation	5 and 6	**(115,910)**	**(118,013)**
Non-financial and other capital grants	17	**254**	**288**
Provision surpluses		**1,765**	**-**
Impairment and gains/(losses) on disposal of fixed assets	26 (d)	**(9,909)**	**(17,098)**
Impairment and losses		(2,183)	(5,895)
Gains/(losses) on disposal and other		(7,726)	(11,203)
Other losses		**(232)**	**(3,055)**
Results from operating activities		**150,483**	**110,213**
Finance income		**49,989**	**52,980**
Dividends	11	**40,000**	**50,000**
Group companies and associates		40,000	50,000
Other investment income		**9,989**	**2,980**
Group companies and associates		8,186	1,806
Other		1,803	1,174
Finance expenses		**(24,143)**	**(9,477)**
Group companies and associates		(2,632)	(265)
Other		(20,141)	(1,459)
Provision adjustments		(1,370)	(7,753)
Exchange gains	26 (f)	**61**	**58**
Impairment and gains/(losses) on disposal of financial instruments		**(19,999)**	**103,908**
Impairment and losses	11	(23,042)	24,568
Gains/(losses) on disposal and other	11 and 26 (g)	3,043	79,340
Net finance income		**5,908**	**147,469**
Profit before income tax		**156,391**	**257,682**
Income tax	23	**(35,342)**	**(54,879)**
PROFIT FROM CONTINUING OPERATIONS		**121,049**	**202,803**

The accompanying notes form an integral part of the annual accounts for 2011.

STATEMENTS OF CHANGES IN EQUITY

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

Statements of Changes in Equity
for the years ended 31 December 2011 and 2010
A) Statements of Recognised Income and Expense
(Expressed in thousands of Euros)

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

	December 2011	December 2010
Profit for the year	**121,049**	**202,803**
Income and expense recognised directly in equity		
Cash flow hedges	268	(6)
Grants, donations and bequests	28	479
Tax effect	(89)	(142)
Total income and expense recognised directly in equity	**207**	**331**
Amounts transferred to the income statement		
Grants, donations and bequests	(254)	(288)
Tax effect	76	86
Total amounts transferred to the income statement	**(178)**	**(202)**
Total recognised income and expense	**121,078**	**202,932**

The accompanying notes form an integral part of the annual accounts for 2011.

Statements of Changes in Equity
for the years ended 31 December 2011 and 2010
B) Statements of Total Changes in Equity
(Expressed in thousands of Euros)

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

	Registered capital	Share premium	Reserves	(Own shares)	Retained earnings	Profit for the year	Other shareholder contributions	Other equity instruments	Valuation adjustments	Grants, donations and bequests received	Total
Balance at 1 January 2010	**3,899**	**848,533**	**383,221**	**-**	**2,346**	**151,858**	**7,834**	**-**	**(14)**	**747**	**1,398,424**
Recognised income and expense	-	-	-	-	-	202,803	-	-	(6)	135	202,932
Transactions with equity holders or owners											
Issuance of share-based payments	-	-	-	-	-	-	3,676	-	-	-	3,676
Cancellation of share-based payments	-	-	477	-	-	-	(683)	-	-	-	(206)
Distribution of profit for the year					151,858	(151,858)					-
Reserves	-	-	71,858	-	(71,858)	-	-	-	-	-	-
Dividends	-	-	-	-	(80,000)	-	-	-	-	-	(80,000)
Extraordinary dividends	-	-	(449,654)	-	(2,346)	-	-	-	-	-	(452,000)
Balance at 31 December 2010	**3,899**	**848,533**	**5,902**	**-**	**-**	**202,803**	**10,827**	**-**	**(20)**	**882**	**1,072,826**
Balance at 1 January 2011	**3,899**	**848,533**	**5,902**	**-**	**-**	**202,803**	**10,827**	**-**	**(20)**	**882**	**1,072,826**
Issuance of shares	64,035	(64,035)	-	-	-	-	-	-	-	-	-
Recognised income and expense	-	-	-	-	-	121,049	-	-	187	(158)	121,078
Transactions with equity holders or owners											
Issuance of share-based payments	-	-	-	-	-	-	1,670	1,447	-	-	3,117
Cancellation of share-based payments	-	-	11,759	-	-	-	(12,497)	-	-	-	(738)
Transactions with own shares and equity holdings	-	-	22	(39,151)	-	-	-	-	-	-	(39,129)
Distribution of profit for the year					202,803	(202,803)					-
Reserves	-	-	202,803	-	(202,803)	-	-	-	-	-	-
Extraordinary dividends	-	(166,341)	(202,259)	-	-	-	-	-	-	-	(368,600)
Balance at 31 December 2011	**67,934**	**618,157**	**18,227**	**(39,151)**	**-**	**121,049**	**-**	**1,447**	**167**	**724**	**788,554**

The accompanying notes form an integral part of the annual accounts for 2011.

STATEMENTS OF CASH FLOWS

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

Statements of Cash Flows
for the years ended 31 December 2011 and 2010
(Expressed in thousands of Euros)

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

	Notes	2011	2010
Cash flows from operating activities			
Profit for the year before tax		**156.391**	**257.682**
Adjustments for:		**106.201**	**(12.226)**
Amortisation and depreciation	5 and 6	115.910	118.013
Impairment		27.767	(16.333)
Changes in provisions		(19.302)	(5.590)
Grants recognised in the income statement	17	(254)	(288)
Gains/losses on disposal of fixed assets	26 (d)	7.726	11.203
Gains/(losses) on disposal of financial instruments	26 (g)	(3.043)	(79.340)
Finance income		(49.989)	(52.980)
Finance expenses		24.143	9.477
Exchange losses	26 (f)	(61)	(58)
Changes in fair value of financial instruments		187	(6)
Other income and expenses		3.117	3.676
Changes in operating assets and liabilities		**34.606**	**51.545**
Inventories	13	16.041	21.500
Trade and other receivables	12 (c)	(427)	3.831
Other current assets	12 and 14	(1.552)	51.777
Trade and other payables	22	11.927	7.914
Provisions	21	481	1.699
Other current liabilities	22	14.221	(27.654)
Other non-current assets and liabilities	12 (c) and 14	(6.085)	(7.522)
Other cash flows from operating activities		**61**	**2.718**
Interest paid		(21.479)	(1.459)
Dividends received	11	40.000	50.000
Interest received		8.480	652
Income tax paid (received)		(26.940)	(46.475)
Cash flows from operating activities		**297.259**	**299.719**
Cash flows from investing activities			
Payments for investments		**(561.505)**	**(90.288)**
Group companies and associates	11	(461.996)	-
Intangible assets	5	(5.831)	(1.355)
Property, plant and equipment	6	(93.211)	(88.785)
Other financial assets	12 (b)	(467)	(148)
Proceeds from sale of investments		**39.414**	**98.815**
Group companies and associates	11	39.050	96.000
Intangible assets	5	-	26
Property, plant and equipment	6	364	2.789
Cash flows from/(used in) investing activities		**(522.091)**	**8.527**
Cash flows from financing activities			
Proceeds from and payments for equity instruments		**(39.304)**	**423**
Acquisition of own equity instruments		(39.400)	-
Grants, donations and bequests received	17	96	423
Proceeds from and payments for financial liability instruments		**636.717**	**222.365**
Issue		**851.136**	**222.365**
Debt with financial institutions (+)		850.642	-
Group companies and associates	22 (a)	-	222.343
Other payables	22	494	22
Redemption and repayment of		**(214.419)**	**-**
Debt with financial institutions (-)		(20.776)	-
Group companies and associates		(193.643)	-
Dividends and interest on other equity instruments paid		**(368.600)**	**(532.000)**
Dividends	16 (e) and 3	(368.600)	(532.000)
Cash flows from/(used in) financing activities		**228.813**	**(309.212)**
Net increase/decrease in cash and cash equivalents		**3.981**	**(966)**
Cash and cash equivalents at beginning of year		**38.739**	**39.705**
Cash and cash equivalents at year end		**42.720**	**38.739**

The accompanying notes form an integral part of the annual accounts for 2011.

NOTES TO THE ANNUAL ACCOUNTS FOR 2011

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

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

Distribuidora Internacional de Alimentación, S.A. (the "Company" or "DIA") was incorporated in Spain on 24 July 1966 as a public limited liability company (sociedad anónima), for an unlimited period. Its registered offices are located 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. Details are as follows:

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, inter alia, the organisation and sale of package tours.

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

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

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

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

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

As explained in note 11, the Company holds investments in subsidiaries. Consequently, in accordance with prevailing legislation, the Company is the parent of a group of companies. Details of investments in group companies are provided in note 11.

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

On 24 February 2012 the directors of the Group prepared the consolidated annual accounts of Distribuidora Internacional de Alimentación, S.A. and subsidiaries for 2011 in accordance with the International Financial Reporting Standards endorsed by the European Union ("EU-IFRS") and other applicable financial reporting regulations. These consolidated accounts present consolidated profit attributable to the parent company of Euros 98,462 thousand and consolidated equity attributable to the parent of Euros 98,772 thousand. At 31 December 2010 the DIA Group formed part of the Carrefour Group and was not required to prepare consolidated annual accounts. Consequently, this is the first year that consolidated annual accounts have been issued.

At the annual general meeting held on 21 June 2011, the shareholders of Carrefour, S.A. approved the distribution of the total share capital of DIA as dividends to the shareholders of Carrefour S.A. and the floatation of the DIA, S.A. shares on the Spanish stock exchanges. On 1 July 2011 Carrefour S.A. acquired the entire share capital of DIA, S.A. from the Carrefour Group company, Norfin Holder, S.L. As a result of this transaction, Carrefour, S.A., which until then had held an indirect interest in the share capital of DIA, S.A. through its subsidiary Norfin Holder, S.L., became the direct shareholder of this Company. On 5 July 2011, Carrefour, S.A. distributed these shares to the holders of Carrefour, S.A. shares at the previous day's trading close. On that date, DIA, S.A. shares began trading on the Spanish Stock Exchanges and the DIA Group ceased to form part of the Carrefour Group.

(2) Basis of Presentation

(a) Fair presentation

The accompanying annual accounts have been prepared on the basis of the accounting records of Distribuidora Internacional de Alimentación, S.A. The annual accounts for 2011 have been prepared in accordance with prevailing legislation and the Spanish General Chart of Accounts to present fairly the equity and financial position at 31 December 2011 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the annual accounts for 2011 authorised for issue on 24 February 2012 will be approved with no changes.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2011 include comparative figures for 2010, which formed part of the annual accounts approved by the sole shareholder on 28 February 2011.

(c) Functional and presentation currency

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

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

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

(i) Relevant accounting estimates and assumptions

The Company tests for impairment of investments in group companies on an annual basis. Impairment is determined as explained in note 4 (f) (vii).

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. Impairment is calculated as explained in note 4 (d).

The Company tests for impairment of goodwill on an annual basis. The calculation of the recoverable amount of a division 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 Company generally uses cash flow discounting methods to calculate these values. Cash flow discounting calculations are based on the 5-year projections of the budgets approved by management. The 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 to calculate the fair value less costs to sell and value in use include growth rates, the weighted average cost of capital and tax rates. The estimates, including the methodology employed, could have a significant impact on the values and the impairment loss.

The Company's board of directors has approved non-current share-based employee benefit plans. The final draft of these plans has yet to be prepared and published. The Company has estimated the total obligation derived from these plans and the part of this obligation accrued at 31 December 2011 based on the extent to which the conditions for receipt have been met.

The Company is undergoing tax inspections, some of which have been completed by the taxation authorities and additional tax assessments have been appealed by the Company at 31 December 2011. The Company recognises a provision if it is probable that an obligation will exist at year end which will give rise to an outflow of resources embodying economic benefits and the outflow can be reliably measured. As a result, the directors use significant judgement when determining whether it is probable that the process will result in an outflow of resources embodying economic benefits and estimating the amount.

(ii) Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2011, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

(3) Distribution of Profit

The proposed distribution of 2011 profit to be submitted to the shareholders for approval at their annual general meeting is as follows:

Basis of distribution	Euros
Profit for the year	**121,049,247.83**
Distribution	
Dividends (*)	73,241,851.76
Legal reserve	12,806,962.17
Goodwill reserve	1,797,810.08
Other reserves	33,202,623.82
Total	**121,049,247.83**

(*) maximum amount to be distributed in an ordinary dividend of Euros 0.11 (gross) per share with the corresponding economic rights.

The distribution of profit for the prior year is presented in the statement of changes in equity.

At 31 December non-distributable reserves are as follows:

	Thousands of Euros	
	2011	2010
Legal reserve	780	780
Goodwill reserve	5,666	3,826
Total	**6,446**	**4,606**

(4) Significant Accounting Policies

The significant accounting policies used by the Company in the preparation of the annual accounts for 2011 are as follows:

(a) Foreign currency transactions, balances and cash flows

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

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(b) Intangible assets

Intangible assets are stated at cost or cost of production. Capitalised production costs are recognised as work carried out by the company for assets in the income statement. Intangible assets are carried at cost, less any accumulated amortisation and impairment.

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

(i) Goodwill

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

(ii) Computer software

Computer software, which comprises all the programs relating to point of sales, warehouses, offices and micro-software, is recognised at cost. Computer software maintenance costs are charged as expenses when incurred.

(iii) Leaseholds

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

(iv) Subsequent costs

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

(v) Useful life and amortisation rates

As explained in section (b) (i) of this note, intangible assets with indefinite useful lives (goodwill) are not amortised.

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

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

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

(vi) Impairment losses

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

(c) Property, plant and equipment

(i) Initial recognition

Property, plant and equipment are measured at cost or cost of production. Capitalised production costs are recognised as work carried out by the company for assets in the income statement. Property, plant and equipment are carried at cost less any accumulated depreciation and impairment.

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

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

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

(ii) Depreciation

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

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

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

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

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(iii) Subsequent costs

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

(iv) Impairment

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

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

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

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

Impairment losses are recognised in profit and loss.

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

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

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

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

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

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

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

(e) Leases

(i) Lessor accounting records

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

- ***Operating leases***

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

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

(ii) Lessee accounting records

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

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

- ***Finance leases***

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

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

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

- ***Operating leases***

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

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

(iii) Sale and leaseback transactions

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

(f) Financial instruments

(i) Classification and separation of financial instruments

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

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

(ii) Offsetting principles

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

(iii) Loans and receivables

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

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

(iv) Investments in group companies

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

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

Investments in group companies are initially recognised at cost, which is equivalent to the fair value of the consideration given, including transaction costs, and are subsequently measured at cost net of any accumulated impairment.

The cost of acquisition of an investment in a group company includes its carrying amount immediately before classification.

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

(v) Interest and dividends

Interest is recognised using the effective interest method.

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

(vi) Derecognition of financial assets

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

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

(vii) Impairment of financial assets

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

The Company recognises impairment of loans and receivables when estimated future cash flows are reduced or delayed due to debtor insolvency.

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

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

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

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

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

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

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

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

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

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

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

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

(viii) Financial liabilities

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

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

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

(ix) Reverse factoring

The Company has contracted reverse factoring facilities with various financial institutions to manage payments to suppliers. Trade payables settled under the management of financial institutions are recognised under trade payables advanced by finanacial institutions under trade and other payables in the balance sheet until they are settled, repaid or have expired.

When the Company requests a deferral of the payment term of the balances initially payable to trade creditors, these debts are derecognised during the original term and a financial liability is recognised under debt with financial institutions in the balance sheet.

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

(x) Security deposits

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

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

(g) Hedge accounting

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments. However, transaction costs are subsequently recognised in profit and loss provided they are part of the effective variability of the hedge.

(h) Own equity instruments held by the Company

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

The subsequent redemption of the instruments entails a capital reduction equivalent to the nominal amount of the shares, and the positive or negative difference between the purchase price and the nominal amount of the shares is taken to reserves.

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

Dividends relating to equity instruments are recognised as a reduction in equity when approved by the shareholders at their annual general meeting.

Contracts that require the Company to purchase own equity instruments, either in cash or in exchange for a financial asset, are recognised as a financial liability in reserves, at the present value of the redeemable amount. Transaction costs are recognised as a reduction in reserves. The financial liability is subsequently measured at amortised cost or fair value through profit or loss, depending on the redemption terms. If the Company does not ultimately exercise the contract, the carrying amount of the financial liability is reclassified to reserves.

(i) Inventories

Inventories are initially measured at cost of purchase.

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

Trade discounts are recognised as a reduction in the cost of inventories when it is probable that the conditions for discounts to be received will be met. Unallocated discounts are recognised as a decrease on the purchase.

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 price basis.

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

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

Write-downs to net realisable value recognised or reversed on inventories are classified under supplies.

(j) Cash and cash equivalents

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

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

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

(k) Grants, donations and bequests

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

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

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

Capital grants are recognised as income over the same period and in line with depreciation of the assets ior when the assets are disposed of, derecognised or impaired.

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

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

(l) Defined benefit plans

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

Defined benefit liabilities recognised in the balance sheet reflect the present value of obligations at the balance sheet date, minus the fair value at that date of plan assets, minus any past service cost not yet recognised. The Company records actuarial gains and losses directly in the income statement the year they are incurred.

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

The discount rate is calculated based on the yield on high-quality corporate bonds of a currency and term consistent with those of the post-employment benefit obligations.

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

(m) Termination benefits

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

When the Company has made offers to certain groups of employees to terminate their employment before the normal retirement date within a limited period of time, these early retirement plans are recognised as termination benefits because they are not available to all employees in service.

(n) Short-term employee benefits

The Company recognises the expected cost of short-term employee benefits in the form of paid leave that accumulates as the employees provide the services that entitle them to this benefit. In the case of non-accumulating paid leave, the expense is recognised when leave is taken.

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

(o) Provisions

(i) General criteria

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

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

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

The tax effect and gains on expected disposals or abandonment of assets are not taken into account in measuring a provision.

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

If it is no longer probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

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(ii) Provisions for taxes

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

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

(p) Revenue from the sale of goods

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

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

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

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

- Revenue from sales

The Company recognises revenue from the sale of goods when:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- The amount of revenue and the costs incurred or to be incurred can be measured reliably;

- It is probable that the economic benefits associated with the transaction will flow to the Company; and

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

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

(q) Income taxes

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

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

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

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

Since the DIA Group was spun off from the Carrefour Group and, consequently, from the tax group headed by Norfin Holder, S.L., the Company has filed individual tax returns (see notes 1 and 23).

(i) Taxable temporary differences

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

(ii) Deductible temporary differences

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

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

(iii) Measurement

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

(iv) Offset and classification

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

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

(r) Share-based payment transactions

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

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

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

(i) ***Equity-settled share-based payments to employees***

Share-based payments to employees are recognised as follows:

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

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

The Company determines the fair value of the instruments granted to employees at the grant date. At 31 December 2011 the final draft of the Company's share-based payment plans has yet to be prepared and published. Once this has been done, the plan award date will be determined.

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

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

Once the services received and the corresponding increase in equity have been recognised, no additional adjustments are made to equity after the vesting date, though this does not affect the corresponding reclassifications in equity.

(ii) ***Cash-settled share-based payments to employees***

For cash-settled share-based payment transactions, the Company measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Company remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the year. Services received or goods acquired and the liability are recognised over the vesting period or immediately if vesting is immediate.

(iii) ***Share-based payments to employees with settlement alternatives***

For share-based payment transactions in which the terms of the arrangement provide either the Company or the employee with the choice of whether the Company settles the transaction in cash or by issuing equity instruments, the Company accounts for that transaction as a cash-settled share-based payment transaction if the Company has incurred a liability to settle in cash or other assets, or as an equity-settled share-based payment transaction if no such liability has been incurred.

One of the plans approved by the board of directors, the final draft of which has yet to be prepared and published, allows the beneficiary to choose whether certain services are settled in cash or through the issue of equity instruments. In substance, this implies the issue of a compound financial instrument with a debt and an equity component. The Company first estimates the fair value of the debt component at the date granted, and then measures the fair value of the equity component, taking into account that the counterparty must forfeit the right to receive cash in order to receive the equity instrument. These arrangements are recognised by applying the criteria described in the sections on equity-settled and cash-settled share-based transactions.

The fair value of the liability is re-calculated at the settlement date. If the Company issues equity instruments on settlement rather than paying cash, the liability is transferred directly to equity, as the consideration for the equity instruments issued. If the settlement is paid in cash, that payment is applied to settle the liability in full, and any equity component previously recognised is reclassified to retained earnings.

(iv) ***Tax effect***

In accordance with prevailing tax legislation in Spain, share-based payments to employees are income tax deductible for the intrinsic amount of the share options when they are exercised, thus giving rise to a deductible temporary difference for the difference between the amount the taxation authorities will admit as a future deduction and the net carrying amount of the share-based payments. At year end, the Company estimates the future tax deduction based on the price of the shares at that date. The amount of the tax deduction is recognised as current or deferred income tax with a balancing entry in the income statement, and any excess is taken to equity.

(v) ***Share-based payment transactions settled through the issue of Carrefour, S.A. equity instruments***

Until 5 July 2011, the date on which the Company ceased to form part of the Carrefour Group, payments to employees through the issue of Carrefour, S.A. equity instruments were recognised as follows:

- If the equity instruments granted did not vest until the employees completed a specified period of service, those services were accounted for during the vesting period, with a corresponding increase in other equity holder contributions.

- The Carrefour Group determined the fair value of the instruments granted to employees at the award date.

- Market vesting conditions were taken into account when estimating the fair value of the instrument. Vesting conditions, other than market conditions, were 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 was based on the number of equity instruments that eventually vested. Consequently, the Company recognised 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 revised that estimate if subsequent information indicated that the number of equity instruments expected to vest differed from previous estimates.

- As the Company was spun off from the Carrefour Group on 5 July 2011, the cost of services provided by employees in relation to this plan is now equivalent to the obligation to Carrefour, S.A. arising from the issue of Carrefour, S.A. equity instruments to beneficiaries employed by the Company. This cost is recognised with a balancing entry under non-current provisions.

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

The Company classifies assets and liabilities in the balance sheet as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the balance sheet 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 balance sheet date.

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

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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

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

(t) Environmental issues

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

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

(u) Transactions between group companies

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

(5) Intangible Assets

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

	Thousands of Euros		
	Computer software	Leaseholds, land rights and other intangible assets	Total
Cost			
At 1 January 2011	**11,164**	**12,281**	**23,445**
Additions	5,709	122	5,831
Disposals	(1)	(1)	(2)
Transfers	105	(105)	-
At 31 December 2011	**16,977**	**12,297**	**29,274**
Amortisation			
At 1 January 2011	**(9,694)**	**(5,783)**	**(15,477)**
Amortisation	(1,899)	(876)	(2,775)
Disposals	1	1	2
Transfers	-	(14)	(14)
At 31 December 2011	**(11,592)**	**(6,672)**	**(18,264)**
Impairment			
At 1 January 2011	**-**	**(261)**	**(261)**
Charge	-	(111)	(111)
Reversal	-	51	51
Transfers	-	14	14
At 31 December 2011	**-**	**(307)**	**(307)**
Carrying amount at 31 December 2011	**5,385**	**5,318**	**10,703**

	Thousands of Euros		
	Computer software	Leaseholds, land rights and other intangible assets	Total
Cost			
At 1 January 2010	**10,334**	**12,315**	**22,649**
Additions	1,348	7	1,355
Disposals	(511)	(48)	(559)
Transfers	(7)	7	-
At 31 December 2010	**11,164**	**12,281**	**23,445**
Amortisation			
At 1 January 2010	**(8,904)**	**(4,868)**	**(13,772)**
Amortisation	(1,275)	(943)	(2,218)
Disposals	485	28	513
At 31 December 2010	**(9,694)**	**(5,783)**	**(15,477)**
Impairment			
At 1 January 2010	**-**	**-**	**-**
Charge	-	(261)	(261)
At 31 December 2010	**-**	**(261)**	**(261)**
Carrying amount at 31 December 2010	**1,470**	**6,237**	**7,707**

The main additions in 2011 comprise computer software acquired from third parties since the Company was spun off from the Carrefour Group.

In 2011 the Company recognised impairment losses with a net impact of Euros 60 thousand (Euros 261 thousand in 2010) on assets of certain stores measured at value in use (see note 26 (d)). The assumptions employed are detailed in note 11.

(a) Goodwill and impairment

Details of and movement in goodwill are as follows:

	Thousands of Euros	
	2011	2010
Cost at 1 January	**36,803**	**38,436**
Disposals	(369)	(1,633)
Cost at 31 December	**36,434**	**36,803**
Impairment		
At 1 January 2011	**-**	**-**
Transfers	(478)	-
At 31 December 2011	**(478)**	**-**
Carrying amount at 31 December	**35,956**	**36,803**

The disposal recognised in 2011 reflects the closure of the store on Avenida de Cristóbal Colón in Huelva. The disposal in 2010 is due to the closure of the store on Calle Padre Xifre, Madrid.

As detailed in notes 2 (d) (i) and 4 (d), the Company tests goodwill for impairment on an annual basis. Goodwill is allocated to the cash-generating units (CGUs) formed by the Company's stores, using the methods described in the aforementioned notes.

The assumptions used are detailed in note 11. No impairment has been recognised at 31 December 2011 or 2010.

(b) Fully amortised assets

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

	Thousands of Euros	
	2011	2010
Computer software	9,303	7,845
Other intangible assets	1,921	1,586
Total	**11,224**	**9,431**

(6) Property, Plant and Equipment

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

Thousands of Euros	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other property, plant and equipment	Total
Cost							
At 1 January 2011	**67,301**	**206,416**	**870,743**	**25,271**	**1,145**	**53,852**	**1,224,728**
Additions	154	3,698	74,968	6,875	4,321	3,195	93,211
Disposals	-	(1,392)	(44,647)	(5,104)	(101)	(3,125)	(54,369)
Transfers	-	8,254	(5,288)	12	(3,348)	370	-
At 31 December 2011	**67,455**	**216,976**	**895,776**	**27,054**	**2,017**	**54,292**	**1,263,570**
Depreciation							
At 1 January 2011	**-**	**(65,976)**	**(552,363)**	**(15,757)**	**-**	**(47,796)**	**(681,892)**
Depreciation	-	(7,846)	(97,657)	(4,245)	-	(3,387)	(113,135)
Disposals	-	593	37,440	4,720	-	3,057	45,810
Transfers	-	(4,167)	3,804	1	-	-	(362)
At 31 December 2011	**-**	**(77,396)**	**(608,776)**	**(15,281)**	**-**	**(48,126)**	**(749,579)**
Impairment							
At 1 January 2011	**-**	**(2,491)**	**(3,143)**	**-**	**-**	**-**	**(5,634)**
Charge	-	(494)	(2,742)	-	-	-	(3,236)
Disposals	-	839	-	-	-	-	839
Reversal	-	579	534	-	-	-	1,113
Transfers	-	(784)	1,624	-	-	-	840
At 31 December 2011	**-**	**(2,351)**	**(3,727)**	-	**-**	**-**	**(6,078)**
Carrying amount at 31 December 2011	**67,455**	**137,229**	**283,273**	**11,773**	**2,017**	**6,166**	**507,913**

Thousands of Euros	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other property, plant and equipment	Total
Cost							
At 1 January 2010	**67,401**	**199,450**	**867,935**	**23,344**	**1,790**	**55,676**	**1,215,596**
Additions	-	3,394	74,660	3,442	4,941	2,348	88,785
Disposals	(100)	(2,098)	(71,201)	(1,553)	(376)	(4,325)	(79,653)
Transfers	-	5,670	(651)	38	(5,210)	153	-
At 31 December 2010	**67,301**	**206,416**	**870,743**	**25,271**	**1,145**	**53,852**	**1,224,728**
Depreciation							
At 1 January 2010	**-**	**(55,825)**	**(515,840)**	**(13,500)**	**-**	**(48,246)**	**(633,411)**
Depreciation	-	(7,686)	(100,642)	(3,610)	-	(3,857)	(115,795)
Disposals	-	674	60,983	1,350	-	4,307	67,314
Transfers	-	(3,139)	3,136	3	-	-	-
At 31 December 2010	**-**	**(65,976)**	**(552,363)**	**(15,757)**	**-**	**(47,796)**	**(681,892)**
Impairment							
At 1 January 2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge	-	(2,491)	(3,143)	-	-	-	(5,634)
At 31 December 2010	**-**	**(2,491)**	**(3,143)**	**-**	**-**	**-**	**(5,634)**
Carrying amount at 31 December 2010	**67,301**	**137,949**	**315,237**	**9,514**	**1,145**	**6,056**	**537,202**

(a) General

Additions in 2011 and 2010 mainly reflect the opening of commercial establishments, as well as extensions, improvements and refurbishments.

Disposals include the items replaced in the aforementioned improvement processes and those resulting from closures of commercial establishments, giving rise to losses of Euros 7,356 thousand in 2011 and Euros 9,550 thousand in 2010.

The Company has recognised impairment losses of Euros 2,123 thousand in 2011 and Euros 5,634 thousand in 2010 on assets of certain CGUs measured at value in use (see note 26 (d)). The assumptions used are detailed in note 11.

Details of residual depreciation, depreciation for the year, accumulated depreciation and the carrying amount of individually significant items of property, plant and equipment at 31 December 2011 and 2010 are as follows:

	Thousands of Euros 2011			
Description	Residual useful life	Depreciation for the year	Accumulated depreciation	Carrying amount
Warehouse land	-	-	-	22,579
Warehouse buildings	32-37 años	(1,078)	(4,682)	32,469
Total		**(1,078)**	**(4,682)**	**55,048**

	Thousands of Euros 2010			
Description	Residual useful life	Depreciation for the year	Accumulated depreciation	Carrying amount
Warehouse land	-	-	-	22,579
Warehouse buildings	33-38 años	(1,070)	(3,604)	33,400
Total		**(1,070)**	**(3,604)**	**55,979**

(b) Fully depreciated assets

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

	Thousands of Euros	
	2011	2010
Buildings	8,461	4,335
Technical installations and machinery	282,003	243,162
Other installations, equipment and furniture	5,738	7,482
Other property, plant and equipment	41,609	40,702
Total	**337,811**	**295,681**

(c) Government grants received

Investment in certain electrical installations has been partly financed by grants of Euros 28 thousand in 2011 and Euros 481 thousand in 2010 (see note 17).

(d) Insurance

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

(7) Finance Leases – Lessee

The Company has leased the following types of property, plant and equipment under finance leases:

	Thousands of Euros		
	2011		
	Land	Buildings	Total
Initially recognised at:			
Fair value	423	403	826
Accumulated depreciation	-	(187)	(187)
Carrying amount at 31 December	**423**	**216**	**639**

	Thousands of Euros		
	2010		
	Land	Buildings	Total
Initially recognised at:			
Fair value	7,831	8,197	16,028
Accumulated depreciation	-	(3,882)	(3,882)
Carrying amount at 31 December	**7,831**	**4,315**	**12,146**

The assets held by the Company under finance leases relate to certain commercial premises from which it operates. None of these premises are individually significant.

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

	Thousands of Euros	
	2011	2010
Future minimum payments	-	306
Purchase option	8	70
Unaccrued finance expenses	-	(1)
Present value	**8**	**375**

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

	Thousands of Euros			
	2011		2010	
	Minimum payments	Present value (note 22(b))	Minimum payments	Present value (note 22(b))
Less than one year	9	8	365	367
Two to five years	-	-	9	8
Total minimum payments and present values	**9**	**8**	**374**	**375**
Less current portion	(9)	(8)	(365)	(367)
Total non-current	**-**	**-**	**9**	**8**

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

(8) Operating Leases - Lessee

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

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

Details of the main operating lease contracts at 31 December 2011 are as follows:

Warehouse	Minimum term
Miranda de Ebro (Burgos)	Until 2016
Manises (Valencia)	Until 2016
Getafe (Madrid)	Until 2017
Mejorada del Campo (Madrid)	Until 2018
Tarragona	Until 2018
Villanubla (Valladolid)	Until 2019
Sabadell (Barcelona)	Until 2022
San Antonio (Barcelona)	Until 2023
Mallén (Zaragoza)	Until 2023
Orihuela (Alicante)	Until 2023

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

Operating lease payments have been recognised as income and expenses for 2011 and 2010 as follows:

	Thousands of Euros	
	2011	**2010**
Minimum property lease payments	131,485	129,937
Minimum movable goods lease payments	10,840	10,803
Sublease payments	(2,506)	(4,357)
Total	**139,819**	**136,383**

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

	Thousands of Euros	
	2011	**2010**
Less than one year	50,048	46,909
Two to five years	75,648	73,952
Over five years	53,055	62,159
Total	**178,751**	**183,020**

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

	Thousands of Euros	
	2011	**2010**
Less than one year	11,053	10,458
Two to five years	14,592	22,846
Over five years	211	1,001
Total	**25,856**	**34,305**

(9) Operating Leases – Lessor

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

(10) Risk Management Policy

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

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

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

a) Financial risk factors

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

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

b) Currency risk

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

In order to control currency risk associated with future commercial transactions and recognised assets and liabilities, the Company uses forward currency contracts negotiated with the Finance Department.

In 2011, the Company made non-recurrent transactions in US Dollars, for which it took out exchange rate insurance.

The hedging transactions carried out in US Dollars during 2011 amounted to Euros 6,019 thousand, accounting for 99.92% of the operations made in this currency. At the 2011 year end, outstanding hedges in this currency total US Dollars 3,284 thousand and expire in the next seven months.

The Company holds several investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk affecting net assets of 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 2011 had the Euro strengthened/weakened by 10% against the US Dollar, with the other variables remaining constant, post-tax profit would have been Euros 343 thousand higher/lower (Euros 400 thousand in 2010), mainly as a result of translating trade receivables and debt instruments classified as available-for-sale financial assets.

c) Price risk

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

d) Credit risk

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

Details of the Company's exposure to credit risk at 31 December 2011 and 2010 and financial assets by remaining contracted maturity are as follows:

Thousands of Euros	Maturity	2011
Equity instruments	-	1,242,474
Participating loans	2013	52,000
Loans to third parties	2013-2021	853
Loans to personnel	2013-2014	557
Trade receivables > 1 year	2013-2022	19,269
Deposits and guarantees	-	12,893
Non-current financial assets		**1,328,046**
Personnel	2012	472
Participating loans	2012	3,000
Trade receivables	2012	29,535
Trade receivables from group companies and associates	2012	88,635
Other receivables	2012	33,357
Current account with group companies	2012	408,796
Loans	2012	670
Derivatives	2012	239
Current financial assets		**564,704**

Thousands of Euros	Maturity	2010
Equity instruments	-	1,229,431
Participating loans	2012-2013	55,000
Loans to third parties	2012-2017	480
Loans to personnel	2012-2014	573
Trade receivables > 1 year	2012-2021	13,170
Vested rights on long-term employee benefit plans	-	264
Deposits and guarantees	-	12,519
Non-current financial assets		**1,311,437**
Personnel	2011	396
Trade receivables	2011	16,070
Trade receivables from group companies and associates	2011	105,663
Other receivables	2011	30,866
Current account with group companies	2011	18,892
Loans	2011	594
Current financial assets		**172,481**

The returns on these financial assets totalled Euros 1,498 thousand in 2011 and Euros 1,174 thousand in 2010.

Details of non-current and current trade and other receivables by maturity in 2011 and 2010 are as follows:

	Thousands of Euros			
Non-current	**Total**	**1-2 years**	**3-5 years**	**> 5 years**
31 December 2011	**19,269**	7,160	10,794	1,315
31 December 2010	**13,170**	4,646	7,892	632

	Thousands of Euros					
Current	**Total**	**Not expired**	**Less than 1 month**	**2-3 months**	**4-6 months**	**7-12 months**
31 December 2011	**163,539**	158,443	2,689	2,019	243	145
31 December 2010	**153,251**	147,303	4,526	1,090	304	28

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

Details of the Company's exposure to liquidity risk at 31 December 2011 and 2010 and financial liabilities by remaining contracted maturity are as follows:

Thousands of Euros	Maturity	2011
Debt with financial institutions		
Syndicated loan	2013-2018	584,935
Other loans	2013-2018	100
Guarantees and deposits received	Per contract	1,630
Total non-current financial liabilities		**586,665**
Debt with financial institutions		249,812
Draw downs on credit facilities	2012	1,390
Interest	2012	1,294
Syndicated loan	2012	247,128
Finance lease payables	2012	8
Suppliers of fixed assets	2012	2,761
Bills payable	2012	2,760
Other debts	2012	412
Current interest on payables	2012	297
Guarantees and deposits received	2012	362
Payables to group companies	2012	43,313
Suppliers, group companies	2012	11,971
Suppliers	2012	697,560
Other payables	2012	82,868
Personnel	2012	25,563
Total current financial liabilities		**1,117,687**

Thousands of Euros	Maturity	2010
Debt with financial institutions		
Principal	2012-2018	100
Suppliers of fixed assets	2012	5
Guarantees and deposits received	Per contract	1,131
Total non-current financial liabilities		**1,236**
Debt with financial institutions		2,810
Draw downs on credit facilities	2011	2,805
Interest	2011	5
Finance lease payables	2011	375
Derivatives	2011	20
Suppliers of fixed assets	2011	3,269
Bills payable	2011	4,445
Other debts	2011	66
Current interest on payables	2011	157
Guarantees and deposits received	2011	339
Payables, tax effect	2011	15,535
Loans	6 months	200,000
Payables to group companies	2011	21,421
Suppliers, group companies	2011	19,140
Suppliers	2011	682,877
Other payables	2011	77,466
Personnel	2011	24,917
Total current financial liabilities		**1,052,837**

Details of non-current financial debt by maturity in 2011 and 2010 are as follows:

Thousands of Euros	2011	1 to 2 years	3 to 5 years	over 5 years
Debt with financial institutions				
Principal	585,035	67,143	517,864	28
Guarantees and deposits received	1,630	-	-	1,630
Total non-current financial debt	**586,665**	**67,143**	**517,864**	**1,658**

Thousands of Euros	2010	1 to 2 years	3 to 5 years	over 5 years
Debt with financial institutions				
Principal	100	14	43	43
Suppliers of fixed assets	5	5	-	-
Guarantees and deposits received	1,131	-	-	1,131
Total non-current financial debt	**1,236**	**19**	**43**	**1,174**

The finance expenses accrued on these financial liabilities totalled Euros 22,773 thousand in 2011 and Euros 1,724 thousand in 2010.

f) Cash flow and fair value interest rate risks

As the Company does not have a considerable amount of remunerated assets, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

Interest rate risk arises from non-current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. As a result of the spin-off from the Carrefour Group and the procurement of a Euros 1,050,000 thousand syndicated loan, the Company's financial structure has changed significantly since 5 July 2011. However, in light of interest rate fluctuations in the second half of the year, the Company has not considered it necessary to carry out any hedging transaction to mitigate this risk. A 1.5% percentage point rise in interest rates would have reduced profit after tax by Euros 2,824 thousand.

(11) Investments in Equity Instruments of Group Companies

At 31 December 2011 and 2010, all DIA Group companies are audited. Details of investments in group companies are disclosed as follows:

Information on Group companies
for the year ended 31 December 2011
(expressed in thousands of Euros)

Name	Registered offices	Activity	Auditor	% of ownership: % direct interest	% of ownership: Total	Capital	Reserves	Results for the year from continuing operations	Total equity	Carrying amount of investment	Dividends received in 2011
Dia Portugal Supermercados, S.A.	Lisbon	Wholesale and retail sale of food products.	KPMG	100	100	51.803	11.762	32.954	96.519	50.547	40.000
Dia Argentina, S.A.	Buenos Aires	Wholesale and retail distribution of food products	KPMG	95	100	120.140	(92.497)	8.357	36.000	114.133	-
Dia Sabanci Supermarketleri Ticaret Anonim Sirketi	Istanbul	Wholesale and retail distribution of consumer products	KPMG	59,96	60,00	126.713	(112.036)	(8.120)	6.557	75.977	-
Dia Brasil Sociedade Limitada	Sao Paulo	Wholesale and retail distribution of consumer products	KPMG	100	100	88.680	(14.268)	21.760	96.172	88.680	-
Finandia E.F.C., S.A.	Madrid	Loan and credit operations, including customer credit, mortgage loans and financing of commercial transactions, as well as the issue and management of credit and debit cards.	KPMG	100	100	7.000	161	498	7.659	7.000	-
Dia Tian Tian Management Consulting Service & Co.Ltd.	Shanghai	Service consultancy	KPMG	100	100	19.300	(18.882)	(3.477)	(3.059)	-	-
Shanghai Dia Retail Co., Ltd.	Shanghai	Retail distribution of consumer products	KPMG	100	100	65.729	(62.567)	(7.550)	(4.388)	65.729	-
Beijing Dia Commercial CO., LTD.	Beijing	Retail distribution of consumer products	KPMG	100	100	59.359	(59.371)	(5.931)	(5.943)	59.359	-
ED SAS	Vitry sur Seine	Wholesale and retail distribution of consumer products	KPMG	100	100	216.400	(58.541)	(61.591)	96.268	619.422	-
Twins alimentación, S.A. and Subsidiarie	Madrid	Distribution of food products and toiletries through supermarkets and the subsidiary, sub-lease of premises primarily to its sole shareholder.	KPMG	100	100	36.169	(12.951)	25.732	48.950	160.748	-
Dia World Trade, S.A.	Geneva	Supply services to the companies of the DIA Group	KPMG	100	100	84	759	(163)	680	843	-
										1.242.438	40.000

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Información on Group companies
for the year ended 31 December 2010
(expressed in thousands of Euros)

Dia Argentina, S.A.	Buenos Aires	Wholesale and retail distribution of food products	KPMG	100	100	120.140	(107.618)	5.625	18.147	120.140	-
Dia Sabanci Supermarketleri Ticaret Anonim Sirketi	Istanbul	Wholesale and retail distribution of consumer products	KPMG	59,93	59,93	87.054	(109.502)	(8.546)	(30.994)	51.837	-
Dia Brasil Sociedade Limitada	Sao Paulo	Wholesale and retail distribution of consumer products	KPMG	100	100	88.680	(16.495)	6.433	78.618	88.680	-
Finandia E.F.C., S.A.	Madrid	Loan and credit operations, including customer credit, mortgage loans and financing of commercial transactions, as well as the issue and management of credit and debit cards.	KPMG	100	100	7.000	(209)	370	7.161	7.000	-
Dia Tian Tian Management Consulting Service & Co.Ltd.	Shanghai	Service consultancy	KPMG	100	100	19.300	(17.202)	(1.712)	386	-	-
Shanghai Dia Retail Co., Ltd.	Shanghai	Retail distribution of consumer products	KPMG	100	100	47.001	(59.788)	(6.155)	(18.942)	47.001	-
Beijing Dia Commercial CO., LTD.	Beijing	Retail distribution of consumer products	KPMG	100	100	30.978	(54.654)	(6.817)	(30.493)	30.978	-
ED SAS	Vitry sur Seine	Wholesale and retail distribution of consumer products	KPMG	100	100	216.400	(330.140)	128.929	15.189	642.464	20.000
Twins alimentación, S.A. and Subsidiarie	Madrid	Distribution of food products and toiletries through supermarkets and the subsidiary, sub-lease of premises primarily to its sole shareholder.	KPMG	100	100	36.169	(25.587)	12.636	23.218	160.748	-
										1.229.395	50.000

Details of investments in group companies and changes in 2011 and 2010 are as follows:

	Thousands of Euros			
Company	Balances at 1 January 2011	Additions	Disposals	Balances at 31 December 2011
Dia Portugal Supermercados, S.A.	80,547	-	(30,000)	50,547
Dia Argentina, S.A.	120,140	-	(6,007)	114,133
Dia Sabanci Supermarketleri Ticaret Anonim Sirketi	51,837	24,140	-	75,977
Dia Brasil Sociedade Limitada	88,680	-	-	88,680
Finandia E.F.C.,S.A.	7,000	-	-	7,000
Dia Tian Tian Management Consulting Service & Co.Ltd.	19,300	-	-	19,300
Shanghai Dia Retail CO., LTD.	47,001	18,728	-	65,729
Beijing Dia Commercial CO., LTD.	30,978	28,381	-	59,359
ED SAS	943,868	-	-	943,868
Twins Alimentación, S.A.	160,748	-	-	160,748
Dia World Trade	-	843	-	843
Total cost	**1,550,099**	**72,092**	**(36,007)**	**1,586,184**
Impairment	(320,704)	(23,042)	-	(343,746)
Carrying amount	**1,229,395**	**49,050**	**(36,007)**	**1,242,438**

	Thousands of Euros			
Company	Balances at 1 January 2010	Additions	Disposals	Balances at 31 December 2010
Dia Portugal Supermercados, S.A.	80,547	-	-	80,547
Dia Argentina, S.A.	120,140	-	-	120,140
Dia Sabanci Supermarketleri Ticaret Anonim Sirketi	51,837	-	-	51,837
Dia Brasil Sociedade Limitada	88,680	-	-	88,680
Dia Hellas, A.E.	16,660	-	(16,660)	-
Finandia E.F.C.,S.A.	7,000	-	-	7,000
Dia Tian Tian Management Consulting Service & Co.Ltd.	14,420	4,880	-	19,300
Shanghai Dia Retail CO., LTD.	44,522	2,479	-	47,001
Beijing Dia Commercial CO., LTD.	28,271	2,707	-	30,978
ED SAS	943,868	-	-	943,868
Twins Alimentación, S.A.	160,748	-	-	160,748
Total cost	**1,556,693**	**10,066**	**(16,660)**	**1,550,099**
Impairment	(345,272)	(4,880)	29,448	(320,704)
Carrying amount	**1,211,421**	**5,186**	**12,788**	**1,229,395**

A new company, DIA World Trade, S.A., was incorporated on 28 September 2011 with registered offices in Geneva (Switzerland). DIA, S.A. paid up the full amount of the share capital and share premium of this new company's totalling Swiss francs 1,000 thousand. Furthermore, the share capital of DIA Sabanci Supermarketleri Ticaret Anonim Sirketi, Shanghai DIA Retail Co., Ltd. and Beijing DIA Commercial Co., Ltd.was increased in 2011.

The share capital of DIA Portugal, S.A. was reduced by Euros 30,000 thousand and 5% of the share capital of DIA Argentina, S.A. was sold to the group company Pe-tra, Servicios a la Distribución, S.L. generating gains of Euros 3,043 thousand.

During 2010, the Company sold its interest in DIA Hellas, A.E. to Carrefour Marinopoulos, A.E. generating capital gains of Euros 79,340 thousand (see note 26 (g)). Following a decision taken by the directors at their board meeting on 24 June 2010, three Chinese subsidiaries capitalised debts payable to the Company at 31 December 2010 in order to redress their equity balance.

During 2010 the Company reversed the Euros 2,246 thousand provision relating to the negative equity presented by its subsidiary DIA Tian Tian Management Consulting Service & Co.Ltd (see note 21).

DIA's subsidiaries perform essentially the same activities as the Company, with the exception of Finandia (loan and credit operations), DIA Tian Tian Management Consulting Service & Co. Ltd (service consulting) and Pe-tra Servicios a la Distribución, S.L. (the acquisition, sale, lease, management and operation of properties and related installations). DIA World Trade, S.A. provides services to the Group's suppliers.

- Impairment

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

	Thousands of Euros		
Company	**Balances at 1 January 2011**	**Charge**	**Balances at 31 December 2011**
Dia Tian Tian Management Consulting Service & Co.Ltd.	(19,300)	-	(19,300)
ED SAS	(301,404)	(23,042)	(324,446)
Total non-current	**(320,704)**	**(23,042)**	**(343,746)**

	Thousands of Euros			
Company	**Balances at 1 January 2010**	**Charge**	**Reversals**	**Balances at 31 December 2010**
Dia Argentina, S.A.	(25,622)	-	25,622	-
Dia Tian Tian Management Consulting Service & Co.Ltd.	(14,420)	(4,880)	-	(19,300)
ED SAS	(305,230)	-	3,826	(301,404)
Total non-current	**(345,272)**	**(4,880)**	**29,448**	**(320,704)**

As mentioned in notes 2 (d) (i) and 4 (d), the estimated present value is calculated in order to determine whether an asset is impaired. The recoverable amount of a country is calculated based on its value in use. These calculations are based on cash flow projections based on five-year budgets approved by management. From the fifth year, cash flows are extrapolated using the following growth rates: The growth rate should not exceed the average long-term growth rate for the distribution business in which the Company operates.

Impairment of Euros 23,042 thousand has therefore been recognised on the investment in ED SAS in 2011.

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

	Spain		France	
	2011	2010	2011	2010
Sales growth rate (1)	2.16%	2.00%	1.45%	5.70%
Growth rate (2)	1.00%	1.50%	1.00%	1.50%
Discount rate (3)	8.37%	9.00%	6.58%	7.70%

	Portugal		Turkey	
	2011	2010	2011	2010
Sales growth rate (1)	2.93%	3.50%	22.52%	30.20%
Growth rate (2)	1.00%	1.50%	2.00%	1.50%
Discount rate (3)	13.27%	8.30%	10.77%	16.70%

	Argentina		Brazil	
	2011	2010	2011	2010
Sales growth rate (1)	16.18%	19.00%	20.11%	18.20%
Growth rate (2)	2.00%	1.50%	2.00%	1.50%
Discount rate (3)	20.28%	20.80%	9.35%	11.00%

	China	
	2011	2010
Sales growth rate (1)	23.23%	26.50%
Growth rate (2)	2.00%	1.50%
Discount rate (3)	7.87%	11.20%

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

The weighted average growth rates of income in perpetuity are coherent 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 subsidiaries operate and the spread applicable to Spain.

(12) Investments and Trade Receivables

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

(a) Investments in group companies

Details of investments in group companies are as follows:

	Thousands of Euros			
	2011		2010	
Group	Non-current	Current	Non-current	Current
Loans	52,000	3,000	55,000	-
Current account with the Group	-	408,796	-	18,892
Total	**52,000**	**411,796**	**55,000**	**18,892**

The Company has granted two participating loans to its subsidiary Twins Alimentación, S.A. amounting to Euros 52,000 thousand and Euros 3,000 thousand. These loans earn interest at participating or variable rates and fall due on 31 December 2013 and 31 December 2012, respectively.

Current balances receivable from group companies mainly comprise the current account with ED SAS totalling Euros 407,468 thousand. The nominal annual interest rates applied to current accounts with group companies in 2011 were Euribor at 1-12 months plus a spread of between -0.125% for payables and 0.2% for receivables.

At 31 December 2010, the most relevant current balance with group companies was Euros 17,765 thousand receivable from Carrefour Finance, S.A. The nominal annual interest rates applied to current accounts with group companies in 2010 were Euribor at 1-12 months plus a spread of between -0.125% for payables and 0.2% for receivables.

(b) Investments

Details of investments are as follows:

	Thousands of Euros			
	2011		2010	
Unrelated parties	**Non-current**	**Current**	**Non-current**	**Current**
Equity instruments	36	-	36	-
Loans	1,410	670	1,053	594
Hedging derivatives	-	239	-	-
Deposits and guarantees	12,893	-	12,519	-
Vested rights on non-current employee benefit plans	-	-	264	-
Total	**14,339**	**909**	**13,872**	**594**

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

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

Guarantees are the amounts pledged to lessors to secure lease contracts. These amounts are measured at present value and any difference with their nominal value is recognised under current or non-current prepayments (see note 14).

Reimbursement rights of long-term benefit plans comprise the externalised amounts of length-of-service bonuses awarded to employees. In 2011 this amount is presented as a reduction in the provision for long-term employee benefits recognised under liabilities (see note 19).

(c) Trade and other receivables

Details of trade and other receivables are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Trade receivables	19,269	31,313	13,170	17,825
Trade receivables from group companies and associates	-	88,635	-	105,663
Other payables	-	37,412	-	34,317
Personnel	-	472	-	396
Current tax assets	-	11,405	-	2
Public entities, other	-	135	-	254
Impairment	-	(5,833)	-	(5,206)
Total	**19,269**	**163,539**	**13,170**	**153,251**

Trade receivables basically comprise balances receivable from franchise holders and concessionaires for the sale of goods, which are recognised at current value.

Trade credit with group companies, mainly comprising Euros 68,965 thousand receivable from Twins Alimentación, S.A. at 31 December 2011 (Euros 67,751 thousand in 2010), is presented in a separate caption. In 2010 trade and other receivables also included Euros 7,228 receivable from Carrefour World Trade, a consolidated subsidiary of the Carrefour, S.A Group.

Other receivables essentially comprise rent receivable from the concessionaires that lease premises from the Company and amounts relating to sales of fixed assets and services provided to suppliers.

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

Current tax assets basically reflect Euros 10,953 thousand receivable in relation to the income tax settlement for 2011.

(d) Impairment

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

	Thousands of Euros	
	2011	2010
Current		
At 1 January	**(5,206)**	**(4,779)**
Charge	(1,548)	(1,631)
Cancellations	-	109
Reversals	921	1,095
At 31 December	**(5,833)**	**(5,206)**

(13) Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2011	2010
Manufacturing and distribution business		
Goods for resale	185,992	201,693
Raw materials and other supplies	3,548	3,839
Advances to suppliers	143	152
Impairment	(811)	(1,276)
Total	**188,872**	**204,408**

Inventories essentially comprise goods for resale.

(a) Restrictions to availability

At 31 December 2011 and 2010 there are no restrictions to the availability of any inventories.

(b) Insurance

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

(14) Prepayments

Details of prepayments are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Prepayments on operating leases	-	53	-	122
Prepayments on guarantees and loans (note 12 (b))	6,054	482	6,068	433
Other prepayments	-	2,784	-	1,082
Total	**6,054**	**3,319**	**6,068**	**1,637**

(15) Cash and cash equivalents

Cash includes cash on hand and current accounts with financial institutions. Other cash equivalents reflect deposits with the Banco Santander, which are settled daily and earn interest at an average rate of 1.61%.

(16) Equity

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

(a) Capital

On 25 March 2011, Norfin Holder, S.L., the parent company's sole owner, 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 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 Company's shares were floated on the Spanish stock exchanges. According to public information filed with the Spanish National Securities Market Commission, the members of the board of directors and companies related to them control approximately 0.018% of the Company's share capital at the date of authorising these annual accounts for issue.

According to the same public information, the most significant interests in the Company's share capital at 31 December 2011 are as follows:

- Blue Capital Sà.r.l.	9.428%
- Amundi	3.061%

The Company's shares are subscribed, fully paid and freely transferable.

Nevertheless, the prospectus issued for the floatation of the Company's shares reports 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) have committed to a share lock-up arrangement whereby they agree not to sell their shares in the Company for a year from the date on which they commenced trading (5 July 2011). 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 Company jointly.

At 31 December 2010, the Company's share capital was solely owned by Norfin Holder S.L., a Carrefour Group company.

(b) 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 it held in another French company, ED SAS, as payment. 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 as a result of the decision by the parent company's sole owner to increase capital with a charge to this reserve. At the 2011 year end this reserve has been reduced by Euros 166,341 thousand to Euros 618,157 thousand due to the distribution of extraordinary dividends on 23 June 2011.

At 31 December 2011 the entire share premium is subject to the same restrictions and may be used for the same purposes as the Company's voluntary reserves, including conversion into share capital.

(c) Reserves

Reserves at 31 December 2011 and 2010 are as follows:

	Thousands of Euros	
	2011	2010
Legal reserve	780	780
Goodwill reserve	5,666	3,826
Voluntary reserves	1,826	1,296
Total	**8,272**	**5,902**

(i) Legal reserve

The legal reserve has been appropriated 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 2011 this reserve does not contain the minimum statutory amount as a result of the share capital increase carried out during the year, details of which are provided in note a) of this section.

(ii) Differences on redenomination of share capital to Euros

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

(iii) Voluntary reserves

At 31 December 2011 all voluntary reserves, amounting to Euros 11,781 thousand, are recognised under other reserves and, together with the share premium, are freely distributable. This reserve includes amounts deriving from the contribution of Carrefour, S.A. shares to cover obligations relating to equity-settled share-based payment transactions with no consideration paid by Carrefour, S.A. until 5 July 2011. Since the Company's relationship with Carrefour, S.A. ended, these obligations have been recognised as described in note 20. In 2010 these amounts were recognised under other equity holder contributions.

(iii) Goodwill reserve

The goodwill reserve has been appropriated in compliance with the Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to recognised goodwill. In the absence of profit, or if profit is not sufficient, freely distributable reserves should be appropriated to this reserve.

(iv) Own shares

On 28 July 2011, in accordance with article 146 and subsequent articles of the Spanish Companies Act, the board of directors of the Company approved an own share buy-back programme, the terms of which are as follows:

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

- The purpose of the programme is to meet obligations derived from the remuneration plan for board members and from the terms of any share distribution or share option plans approved by the board of directors.
- A financial intermediary will be appointed to manage the programme, in accordance with article 6.3 of Commission Regulation (EC) No 2273/2003.

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

Other transactions during the year include the transfer of 85,736 shares to the Company's directors on 23 December as remuneration, with a charge of Euros 22 thousand to voluntary reserves.

As a result, at year end the Company holds 13,500,984 own shares with an average purchase price of Euros 2.90 per share.

On 21 December 2011 the Company signed an equity swap contract with Société Générale whereby the latter agrees to acquire a maximum number of 13,586,720 shares by 2 February 2012 at the latest. The total number of shares has not yet been acquired at year end.

(d) Other equity instruments

This reserve includes obligations derived from equity-settled share-based payment transactions due to the approval by the board of directors of the 2011-2014 long-term incentive plan and a multi-year incentive plan for executives, the final draft of which has yet to be prepared and published (see note 20).

(e) Dividends

Details of dividends paid are as follows:

Thousands of Euros	2011	2010
Dividends on ordinary shares:	368,600	532,000
Dividends per share (in Euros)	0.54	820

Dividends per share (in Euros) are calculated based on the number of shares existing at each distribution date; i.e for 2011 the number of shares is 679,336,000 whereas for the prior year there were 648,717 shares.

On 23 June 2011 the Company'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. On 20 December 2010 the sole shareholder approved the distribution of extraordinary dividends of Euros 452,000 thousand with a charge to voluntary reserves and the share premium.

(17) Grants, Donations and Bequests Received

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

	Thousands of Euros	
	2011	2010
At 1 January	**882**	**747**
Grants obtained during the year	20	337
Transfers to the income statement	(178)	(202)
At 31 December	**724**	**882**

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

	Thousands of Euros	
	2011	2010
Capital grants	254	288
Operating grants	413	458
Total	**667**	**746**

Details of grants are as follows:

- Capital grants

	Thousands of Euros				
Granting entity	2011	Grant date	2010	Grant date	Purpose
Agencia Andaluza de la Energía	-	2011	42	2010	Environmental
Dirección General de Transferencia de Tecnología y Desarrollo Empresarial	-	2011	283	2010	Environmental
Generalitat de Cataluña	15	2011	107	2010	Environmental
Instituto Catalan de Energía	1	2011	36	2010	Environmental
Xunta de Galicia	12	2011	-	-	Environmental
Other entities	-	2011	13	2010	Environmental
Total	**28**		**481**		
	(nota 6 (c))		(nota 6 (c))		

- Operating grants

	Thousands of Euros				
Granting entity	2011	Grant date	2010	Grant date	Purpose
Forcem	409	2011	454	2010	Training
Xunta de Galicia	-	2011	1	2010	Contracting
Other	4	2011	3	2010	Several
Total	**413**		**458**		

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(18) Provisions

Details of provisions are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Provisions for long-term employee benefits under defined benefit plans (note 19)	496	-	766	-
Decommissioning provisions (note 21)	772	-	736	-
Other trade provisions	-	2,882	-	2,401
Provisions for other liabilities (notes 20 and 21)	105,789	-	121,948	-
Total	**107,057**	**2,882**	**123,450**	**2,401**

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

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

	Thousands of Euros	
	2011	2010
At 1 January	**766**	**646**
Current service cost	127	134
Provision surpluses taken to the income statement	(126)	(32)
Interest cost	31	29
Expected rate of return on plan assets	(11)	(11)
Other movements	6	-
Transfer of insured commitments	(297)	-
At 31 December (note 18)	**496**	**766**

The Company has commitments with current employees for pensions and length-of-service bonuses amounting to Euros 793 thousand in 2011 and Euros 766 thousand in 2010. Of these amounts, Euros 297 thousand and Euros 264 thousand were externalised in 2011 and 2010, respectively, in accordance with Spanish legislation (see note 12 (b)).

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

	Thousands of Euros
	2011
At 1 January	**264**
Expected rate of return	11
Annual premium	31
Actuarial losses	(9)
At 31 December	**297**

The principal actuarial assumptions used are as follows:

- Annual discount rate: 4%
- Mortality tables for men and women: GRM-95 and GRF-95, respectively
- Turnover rates: as established in Order EHA/3433/2006 of 2 November
- Retirement age: 65 years

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

	Thousands of Euros	
	2011	**2010**
Current service cost	(127)	(134)
Provision surpluses taken to the income statement	126	32
Interest cost	(31)	(29)
Expected rate of return on plan assets	11	11
Total	**(21)**	**(120)**

(20) Share-based Payment Transactions

The plans granted by the Carrfour Group from 2003 to 2010 are subscription or call options assigned to employees, with no particular purchase conditions other than the requirement that beneficiaries continue to form part of the Company's workforce at the end of the rights acquisition period.

The benefits paid through these plans were recognised as an increase in capital and reserves from the start of the rights acquisition period until 5 July 2011, when the Company was spun off from the Carrefour Group. Since that date, these benefits have been recognised under non-current provisions. The expenses recognised in each period reflect adjustments to the fair value of options, based on the Black-Scholes pricing model on the date they were grantedand guaranteed for the related period.

Share award plans granted between 2007 and 2010 were conditional on the beneficiaries continuing to form part of the Company's workforce at the end of the rights acquisition period, as well as the achievement of certain targets. Beneficiaries employed by the Company until 5 July 2011 are considered to have met the first condition.

These plans accrued during the vesting period and generated costs of Euros 3,117 thousand in 2011 and Euros 3,676 thousand in 2010. However, Euros 2,542 thousand and Euros 683 thousand were reversed against other equity holder contributions in 2011 and 2010, respectively, in connection with plans that had already expired at 31 December 2011 and 2010.

Euros 12,497 thousand was recognised under equity holder contributions at 5 July 2011 and Euros 10,827 thousand at 31 December 2010 in relation to rights for payments based on Carrefour, S.A. shares.

On 6 July 2011 both plans were changed, mainly because Carrefour, S.A. was no longer a shareholder of the Company. In any case, all rights acquired by 5 July 2011 had vested.

The amount recognised under other equity holder contributions in this respect was reclassified to reserves.

Furthermore, on 7 December 2011 the board of directors approved a cash and share-settled long-term incentive plan for 2011-2014 and a multi-year share-settled variable remuneration plan proposed by the appointment and remuneration committee.

Under the cash and share-settled long-term incentive plan executives (including executive directors) of the Company and its subsidiaries are awarded variable remuneration settled partly in cash and partly though shares in the Company, receipt of which is dependent on whether the Company and Group meet certain business targets, as well as certain indicators relating to the value of these shares. Beneficiaries are also required to remain in the employment of or maintain their commercial relationship with the Company and/or its subsidiaries on the plan reference dates.

In the second plan, executives of the Company and its subsidiaries are awarded variable remuneration settled though shares in the Company, receipt of which is dependent on whether the Company and Group meet certain business targets. Beneficiaries are also required to remain in the employment of or maintain their commercial relationship with the Company and/or its subsidiaries on the plan reference dates.

However, at year end the final draft of these plans has yet to be prepared and published. The payment date will be determined once these steps have been taken.

At Group level, the maximum amount expected to be paid to beneficiaries of both plans in both shares and cash is approximately Euros 49 million. Performance is measured over a period ending on 31 December 2014 and settlements are planned at various dates.

As the conditions of this plan include working for the Company during 2011, at 31 December 2011 the Company has estimated the accrued obligation even though the plan has not yet been implemented. The Company will review the estimated fair value of the instruments included in the plan at the payment date. Expenses accrued on these plans associated to 2011 amounted to Euros 2,515 thousand and have been recognised as personnel expenses in the income statement with a balancing entry of Euros 1,447 thousand under other own equity instruments and Euros 1,068 thousand under non-current provisions for the cash-settled portion (see note 21).

(21) Other Provisions

Movement in other non-current provisions is as follows:

	Thousands of Euros		
	Legal, tax and labour provisions	Other provisions	Total
At 1 January 2011	**121,948**	**736**	**122,684**
Charge	8,481	2,600	11,081
Applications	(23,133)	-	(23,133)
Reversals	(4,071)	-	(4,071)
At 31 December 2011	**103,225**	**3,336**	**106,561**

	Thousands of Euros		
	Legal, tax and labour provisions	Other provisions	Total
At 1 January 2010	**116,631**	**708**	**117,339**
Charge	25,756	28	25,784
Applications	(13,977)	-	(13,977)
Reversals	(6,462)	-	(6,462)
At 31 December 2010	**121,948**	**736**	**122,684**

Legal, tax and labour provisions mainly relate to inspection-related risks (see note 23).

The increase in other provisions in 2011 is mainly the result of updating calculations of tax risks, amounting to Euros 3,791 thousand. This caption also includes a Euros 2,530 thousand provision for additional social security charges raised on inspection. In 2010 this provision mainly comprised Euros 15,793 thousand relating to accepted income tax assessments for 2004-2007 and Euros 7,354 thousand in respect of other tax risks.

In 2011 Euros 18,190 thousand of this provision has been applied to pay additional taxes raised on inspection of income tax filed for 1993, 1994, 1997 and 2007, and Euros 4,684 thousand has been applied to settle additional VAT raised on an inspection of the Company's declarations for 1995 and 1996. Applications in 2010 include Euros 11,934 thousand paid by the Company to settle accepted additional assessments raised by the taxation authorities on inspection of income tax for the period 2004-2007.

Euros 1,649 thousand of this provision has been reversed in 2011 as a result of re-estimating the delay interest payable on additional income taxes raised on inspection, and Euros 1,283 thousand has been reversed due to updating the provision for additional income tax raised on inspection of the 2007 declaration. Reversals in 2010 mainly comprised a Euros 3,036 thousand surplus provision for other tax risks and Euros 2,246 thousand of the provision recognised for the subsidiary DIA Tian Tian Management Consulting Service & Co. Ltd at 31 December 2009 due to the negative valuation of this company at 31 December 2009.

Other provisions mainly include the provision for share-based payment transactions, comprising the personnel expense accrued from the second half of 2011 onwards in relation to Carrefour Group stock option and share award plans, as well as DIA Group remuneration plans as, although the final draft has yet to be prepared and published, according to the proposal approved by the board of directors, beneficiaries of these plans may opt to receive payment in cash (see note 20).

(22) Payables and Trade Payables

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

(a) Group companies and associates

Details of group companies and associates are as follows:

	Thousands of Euros	
	Current	Current
Group	2011	2010
Payables, tax effect (note 23)	-	15,535
Loans	-	200,000
Payables	43,313	21,421
Total	**43,313**	**236,956**

The amount recognised under "payables, tax effect" in 2010 related to the tax payable by the Company to the parent of the tax group, Norfin Holder S.L., in relation to taxable income generated in 2010 and 2009 (see note 23).

The entire Euros 200,000 thousand loan granted to the Company by Carrefour Finance, S.A. on 21 December 2010, which bore interest at a nominal annual market rate of 2.018% (Euribor at six months + 0.75%) and fell due in six months, has been repaid in 2011.

At 31 December 2011, payables mainly reflect the Company's current account with its subsidiary Twins Alimentación, S.A. In the prior year this caption also included a current account with Carrefour, S.A. with a balance of Euros 6,785 thousand. The interest rates applied to current accounts with group companies in 2011 and 2010 were the Euribor at 1-12 months plus a spread of between -0.125% for payables and 0.2% for receivables.

(b) Payables

Details of payables are as follows:

	Thousands of Euros			
	2011		2010	
Unrelated parties	Non-current	Current	Non-current	Current
Debt with financial institutions				
Syndicated loan	584,935	247,128	100	2,805
Other loans	100	-	-	-
Drawdowns on credit facilities	-	1,390	-	-
Interest	-	1,294	-	5
Finance lease payables (note 7)	-	8	-	375
Derivatives	-	-	-	20
Suppliers of fixed assets	-	2,761	5	3,269
Bills payable	-	2,760	-	4,445
Other debts	-	412	-	66
Current interest on payables	-	297	-	157
Guarantees and deposits received	1,630	362	1,131	339
Total	**586,665**	**256,412**	**1,236**	**11,481**

(c) Other information on payables

On 13 May 2011 the Company signed a long-term syndicated financing contract with a number of financial institutions in Spain and abroad 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 of up to 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 of up to Euros 350,000 thousand repayable on maturity; (iii) Tranche C comprises a revolving credit facility for up to Euros 350,000 thousand to finance working capital requirements, whereby the Company 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 applied in 2011 are as follows:
  . Tranche A: Euribor + 1.75%
  . Tranche B: Euribor + 1.90%
  . Tranche C: Euribor + 1.50% - 1.90% (depending on drawdowns)
- 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.
- The guarantees made by the Company are jointly and severally secured by its subsidiaries Twins Alimentación S.A.U., Pe-tra Servicios a la Distribución, S.L.U. and DIA Portugal Supermercados S.U. Lda. The shares of ED SAS have also been pledged as collateral.

On 5 July 2011, the Company 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 total Euros 14,358 thousand and have been recognised as a reduction in the financing received. At 31 December 2011 outstanding drawdowns total Euros 832,063 thousand.

At the 2011 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 < 3.25x
(ii) EBITDA/net finance expenses > 6.5x

The Company has five credit facilities with a total limit of Euros 34,000 thousand at 31 December 2011 and Euros 56,030 thousand at 31 December 2010. Drawdowns total Euros 1,390 thousand at 31 December 2011 and Euros 2,805 thousand at 31 December 2010. The average annual interest rate on these drawdowns was 2.03% in 2011 and 1.12% in 2010.

(d) Trade and other payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	Current	Current
Group	2011	2010
Suppliers, group companies	11,971	19,140
Suppliers	697,560	682,877
Other payables	82,868	77,466
Personnel	25,563	24,917
Public entities, other (note 23)	26,822	28,518
Total	**844,784**	**832,918**

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

The Company has reverse factoring facilities with limits of Euros 505,000 thousand and Euros 640,000 thousand at 31 December 2011 and 2010, respectively. Drawdowns total Euros 305,446 thousand at 31 December 2011 and Euros 143,800 thousand at the prior year end.

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

	Payments made and outstanding at the balance sheet date			
	2011		2010	
Thousands of Euros	Amount	%*	Amount	%*
**Within the maximum legal period	3,176,766	91.66%		
Other	288,873	8.34%		
Total payments for the year	3,465,639	100%		
APP (days)	28.65			
Late payments exceeding the maximum legal period	21,407		49,394	

* Percentage of total

** The maximum legal payment period will be in all cases that which corresponds to the nature of the asset or service received by the company in accordance with Law 3/2004 of 29 December 2004, which establishes the measures for combatting late payments in commercial transactions.

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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

(e) Classification by maturity

The classification of payables by maturity is as follows:

	Thousands of Euros	
	2011	2010
1 year	256,412	11,481
1 to 2 years	67,143	1,236
3 to 5 years	517,864	-
Over 5 years	1,658	-
Total	**843,077**	**12,717**

(23) Taxation

Details of balances with public entities are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	32,783	-	36,230	-
Other	-	135	-	254
	32,783	**135**	**36,230**	**254**
		(note 12 (c))		**(note 12 (c))**
Liabilities				
Deferred tax liabilities	102,914	-	71,651	-
Value added tax and similar taxes	-	12,392	-	13,160
Social Security	-	9,024	-	10,349
Withholdings	-	5,406	-	5,009
	102,914	**26,822**	**71,651**	**28,518**
		(note 22 (d))		**(note 22 (d))**

The Company has the following main applicable taxes open to inspection by the Spanish taxation authorities:

Tax	Periods
Income tax	2008-2010
Value Added Tax	2009-2011
Personal income tax	2009-2011
Business activities tax	2008-2011

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

- **Income tax**

Due to the spin-off of the DIA Group from the Carrefour Group and, consequently, the tax group headed by Norfin Holder, S.L., the Company files individual tax returns for 2011. The consolidation adjustments derived from the spin-off were made in the 2010 income tax declaration.

In 2010, the Company filed consolidated tax returns with the following companies:

Norfin Holder, S.L. (parent company)
Centros Comerciales Carrefour, S.A.
Sociedad de Compras Modernas, S.A.
Carrefour Canarias, S.A.
Supermercados Champion, S.A.
Grup Supeco Maxor, S.L.
Viajes Carrefour, S.L.
Carrefour Online, S.L.
Carrefour España Property, S.L.
Establecimientos de Conveniencia, S.L.
Twins Alimentación, S.A.
Finandia EFC, S.A.
Pe-Tra Servicios a la Distribución, S.L.

A reconciliation of net income and expenses for the year with the taxable income is as follows:

	Thousands of Euros						
2011	Income statement			Income and expense taken to equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expenses for the period	121.049	-	121.049	207	(178)	29	121.078
Income tax	35.342	-	35.342	89	(76)	13	35.355
Profit before tax	156.391	-	156.391	296	(254)	42	156.433
Permanent differences							
individual company	5.275	(45.046)	(39.771)	-	-	-	(39.771)
Temporary differences:							
individual company							
originating during the year	6.598	(127.143)	(120.545)	-	(239)	(239)	(120.784)
originating in prior years	18.621	(9.403)	9.218	226	(29)	197	9.415
Taxable income	186.885	(181.592)	5.293	522	(522)	-	5.293

	Thousands of Euros						
2010	Income statement			Income and expense taken to equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expenses for the period	202.803	-	202.803	331	(202)	129	202.932
Income tax	54.879	-	54.879	142	(86)	56	54.935
Profit before tax	257.682	-	257.682	473	(288)	185	257.867
Permanent differences							
individual company	14.256	(132.575)	(118.319)	-	-	-	(118.319)
Temporary differences:							
individual company							
originating during the year	5.946	(38.039)	(32.093)	-	(185)	(185)	(32.278)
originating in prior years	28.248	(25.821)	2.427	-	-	-	2.427
Consolidation adjustments							
originating during the year	460	-	460	-	-	-	460
Taxable income	308.838	(198.681)	110.157	473	(473)	-	110.157

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

	Thousands of Euros	
	2011	2010
Taxable income	5,293	110,157
Tax at 30%	1,588	33,047
Deductions	(408)	(434)
Total tax payable	1,180	32,613
Withholdings and payments on account	(12,583)	(17,078)
Tax payable (+) recoverable (-) by the Company	**(11,403)**	**15,535**

The relationship between the tax expense and accounting profit for 2011 and 2010 is as follows:

	Thousands of Euros 2011		
	Profit and loss	**Equity**	**Total**
Income and expenses for the period before tax	**156,391**	**42**	**156,433**
Tax at 30%	46,917	13	**46,930**
Positive permanent differences	1,583	-	**1,583**
Negative permanent differences	(13,514)	-	**(13,514)**
Deductions and credits for the current year	(408)	-	**(408)**
Income tax expense in prior years	(298)	-	**(298)**
Other adjustments	1,062	-	**1,062**
Income tax expense from continuing operations	**35,342**	**13**	**35,355**

	Thousands of Euros 2010		
	Profit and loss	**Equity**	**Total**
Income and expenses for the period before tax	**257,682**	**187**	**257,869**
Tax at 30%	77,305	56	77,361
Positive permanent differences	4,277	-	4,277
Negative permanent differences	(39,772)	-	(39,772)
Deductions and credits for the current year	(434)	-	(434)
2009 income tax expense	2,153	-	2,153
Other adjustments due to inspections	11,350	-	11,350
Income tax expense from continuing operations	**54,879**	**56**	**54,935**

Details of accumulated temporary differences at 31 December 2011 and the corresponding deferred tax asset or liability, in thousands of Euros, are as follows:

	TEMPORARY DIFFERENCE					TAX EFFECT				
	2010	**Origin**	**Reversal**	**Other**	**2011**	**2010**	**Origin**	**Reversal**	**Other**	**2011**
Provision for uninvoiced **items**	**3.031**	-	-	(3.031)	**-**	**1.061**	-	-	(1.061)	**-**
Provision for store closures	**2**	-	-	(2)	**-**	**1**	-	-	(1)	**-**
Provision for textiles	**1.277**		(506)	-	**771**	**383**	-	(152)	-	**231**
Leaseholds	**624**	-	-	65	**689**	**187**	-	-	20	**207**
Provision for franchising operations	**2.400**	481	-	-	**2.881**	**720**	144	-	-	**864**
Other provisions	**-**	470	-	-	**470**	**-**	141	-	-	**141**
Equity instruments	**10.826**	5.647	-	(2.577)	**13.896**	**3.248**	1.694	-	(773)	**4.169**
ED Sas	**97.120**	-	(8.630)	-	**88.490**	**29.136**	-	(2.589)	-	**26.547**
Holding Asia	**2.633**	-	-	(2.633)	**-**	**790**	-	-	(790)	**-**
Pension commitments	**765**	-	(267)	-	**498**	**229**	-	(80)	-	**149**
Non-deductbile goodwill on acq. of invest.	**1.584**	-	-	-	**1.584**	**475**	-	-	-	**475**
TOTAL DEFERRED TAX ASSETS	**120.262**	**6.598**	**(9.403)**	**(8.178)**	**109.279**	**36.230**	**1.979**	**(2.821)**	**(2.605)**	**32.783**

	TEMPORARY DIFFERENCE					TAX EFFECT				
	2010	**Origin**	**Reversal**	**Other**	**2011**	**2010**	**Origin**	**Reversal**	**Other**	**2011**
Accelerated depreciation. 1994-1995	**239**	-	(75)	-	**164**	**73**	-	(23)	-	**50**
Accelerated depreciation. 2011-2015	**-**	65.608	-	-	**65.608**	**-**	19.682	-	-	**19.682**
Deductible purchases from third parties	**3.174**	990	-	-	**4.164**	**952**	297	-	-	**1.249**
Cancellation of profits on intragroup sales	**949**	-	-	(949)	**-**	**285**	-	-	(285)	**-**
Argentina	**99.651**	-	(15.555)	-	**84.096**	**29.893**	-	(4.666)	-	**25.227**
Turkey	**51.838**	13.436	-	-	**65.274**	**15.551**	4.031	-	-	**19.582**
Brazil	**6.367**	-	(2.990)	(3.377)	**0**	**1.912**	-	(897)	(1.015)	**-**
Shanghai	**47.001**	18.728	-	-	**65.729**	**14.100**	5.619	-	-	**19.719**
Beijing	**28.361**	28.381	-	-	**56.742**	**8.508**	8.515	-	-	**17.023**
Hedging operations	**-**	239	-	-	**239**	**-**	72	-	-	**72**
Grants	**1.258**		(226)	-	**1.032**	**377**	-	(67)	-	**310**
TOTAL DEFERRED TAX LIABILITIES	**238.838**	**127.382**	**(18.846)**	**(4.326)**	**343.048**	**71.651**	**38.216**	**(5.653)**	**(1.300)**	**102.914**

Details of accumulated temporary differences at 31 December 2010 and the corresponding deferred tax asset or liability, in thousands of Euros, are as follows:

	TEMPORARY DIFFERENCE					TAX EFFECT				
	2009	**Origin**	**Reversal**	**Other**	**2010**	**2009**	**Origin**	**Reversal**	**Other**	**2010**
Provision for uninvoiced **items**	**3.031**	-	-	-	**3.031**	**1.061**	-	-	-	**1.061**
Provision for store closures	**2**	-	-	-	**2**	**1**	-	-	-	**1**
Provision for textile	**1.211**	66	-	-	**1.277**	**363**	20	-	-	**383**
Lease of Torrepacheco store	**29**	-	(29)	-	**-**	**9**	-	(9)	-	**-**
Leaseholds	**540**	-	-	84	**624**	**162**	-	-	25	**187**
Provision for franchising operations	**702**	1.698	-	-	**2.400**	**210**	510	-	-	**720**
Hedging operations	**20**	-	(20)	-	**-**	**6**	-	(6)	-	**-**
Equity instruments	**7.833**	3.676		(683)	**10.826**	**2.350**	1.103	-	(205)	**3.248**
ED Sas	**134.760**	-	(37.855)	215	**97.120**	**40.428**	-	(11.357)	65	**29.136**
Holding Asia	**2.246**	387	-	-	**2.633**	**674**	116	-	-	**790**
Pension commitments	**646**	119	-	-	**765**	**193**	36	-	-	**229**
Non-deductbile goodwill on acq. of invest.	**1.739**	-	(155)	-	**1.584**	**522**	-	(47)	-	**475**
TOTAL DEFERRED TAX ASSETS	**152.759**	**5.946**	**(38.059)**	**(384)**	**120.262**	**45.979**	**1.785**	**(11.419)**	**(115)**	**36.230**

	TEMPORARY DIFFERENCE					TAX EFFECT				
	2009	**Origin**	**Reversal**	**Other**	**2010**	**2009**	**Origin**	**Reversal**	**Other**	**2010**
Accelerated depreciation 1994-1995	**394**	-	(155)	-	**239**	**119**	-	(46)	-	**73**
Deductible goodwill on purchases from third parties	**2.191**	983	-	-	**3.174**	**657**	295	-	-	**952**
Cancellation of profits on intragroup sales	**1.409**	-	(460)	-	**949**	**423**	-	(138)	-	**285**
Argentina	**82.808**	19.652	-	(2.809)	**99.651**	**24.841**	5.896	-	(844)	**29.893**
GREECE	**12.335**	-	(12.335)	-	**-**	**3.701**	-	(3.701)	-	**-**
Turkey	**51.838**	-	-	-	**51.838**	**15.551**	-	-	-	**15.551**
Brazil	**24.787**	-	(15.758)	(2.662)	**6.367**	**7.437**	-	(4.727)	(798)	**1.912**
Shanghai	**44.522**	2.479	-	-	**47.001**	**13.357**	743	-	-	**14.100**
Beijing	**25.746**	2.707	-	(92)	**28.361**	**7.724**	812	-	(28)	**8.508**
Grants	**1.065**	193	-	-	**1.258**	**318**	59	-	-	**377**
TOTAL DEFERRED TAX LIABILITIES	**247.095**	**26.014**	**(28.708)**	**(5.563)**	**238.838**	**74.128**	**7.805**	**(8.612)**	**(1.670)**	**71.651**

A positive adjustment of Euros 648,522 thousand was made to accounting income in the income tax return for 2004 due to the provision that the Company was required to recognise following the acquisition of ED SAS. At 31 December 2011, following the merger of ED SAS and SNME, this provision amounts to Euros 324,446 thousand (see note 11) and the corresponding deferred tax asset totals Euros 89,874 thousand (Euros 90,422 thousand at 31 December 2011). This deferred tax asset does not reflect 30% of the accounting provision as it is offset by an impairment loss for tax purposes also recognised in 2011.

The annual amortisation charge for tax purposes of the goodwill generated on the acquisition of ED SAS and SNME amounts to Euros 34,030 thousand (Euros 6,806 thousand in 2011 due to fiscal measures introduced by Royal Decree-Law 9/2011 of 19 August). The corresponding deferred tax liability totals Euros 63,327 thousand at 31 December 2011 (Euros 61,286 thousand at 31 December 2010). The Company has therefore recognised net deferred tax assets of Euros 26,547 thousand and Euros 29,136 thousand at 31 December 2011 and 2010, respectively.

The impact on movements in temporary differences in the income tax calculation of tax adjustments resulting from changes in subsidiaries' capital and reserves between 31 December 2010 and 31 December 2011 is as follows:

	Thousands of Euros	
Company	**(+/-) income tax adjustment**	**Tax effect**
ED SAS	(24,868)	(7,460)
Dia Argentina, S.A.	15,555	4,666
Dia Brazil Sociedade Limitada	2,990	897
Dia Shanghai	(18,728)	(5,619)
Dia Beijing	(28,381)	(8,515)
Dia Turkey	(13,436)	(4,031)

The impact on movements in temporary differences in the income tax calculation of tax adjustments resulting from changes in subsidiaries' capital and reserves between 31 December 2009 and 31 December 2010 was as follows:

	Thousands of Euros	
Company	**(+/-) income tax adjustment**	**Tax effect**
Dia Argentina, S.A.	5,970	1,791
Dia Hellas, A.E.	12,335	3,701
Dia Brazil Sociedade Limitada	15,758	4,727
Dia Shanghai	(2,479)	(743)
Dia Beijing	(2,707)	(812)
Dia Tian Tian Management Consulting Service & Co.Ltd	(2,246)	(674)

However, as the results of DIA Brazil and DIA Tian Tian were published after the DIA annual accounts for 2010 had been closed, the adjustments finally recognised for these subsidiaries differed from those presented above, totalling Euros 19,135 thousand and Euros (4,879) thousand, respectively.

In 2007 the Company availed itself of tax relief for re-investment of extraordinary profit as foreseen by article 42.8 of Income Tax Law 43/1995 (Revised Legislative Royal Decree 4/2004) amounting to Euros 3,004,195.68, from which Euros 382,687.28 should be deducted as a result of a monetary correction. The full amount was re-invested on 30 November 2007 in accordance with the corresponding legislation.

In 2009 the Company availed itself of tax relief for re-investment of extraordinary profit as foreseen by article 42.8 of Income Tax Law 43/1995 (Revised Legislative Royal Decree 4/2004) amounting to Euros 5,043,529.15, from which Euros 1,156,124.24 should be deducted as a result of a monetary correction. The full amount was re-invested in 2009 in accordance with the corresponding legislation.

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

Information on the French company ERTECO SAS's acquisition of the 39,686 ED SAS shares contributed to DIASA in 2004, as required by article 93 of the Legislative Royal Decree 4/2004, which enacted the Revised Spanish Income Tax Law, is as follows:

- 9,999 shares acquired by subscribing a capital increase on 15 April 1991;

- 23,170 shares acquired by subscribing a merger capital increase on 30 June 1999;

- 3,507 shares acquired by subscribing a capital increase on 26 August 2004;

- 40 shares purchased on 20 September 2004;

- 2,970 shares acquired by subscribing a capital increase on 6 October 2004. The carrying amount of these shares was Euros 121,287,831.73 and they were contributed to DIASA for a value of Euros 848,553,273.10. The goodwill of Euros 612,662,000 deriving from this operation is considered to be tax-deductible up to maximum annual limit of a twentieth of the amount.

The contributing entity's balance sheet for the month following the transfer, in thousands of Euros, is as follows:

ASSETS	31.12.2004	EQUITY AND LIABILITIES	31.12.2004
Fixed assets:			
Property, plant and equipment	267		
Investments	848.833	Net Equity	834.726
Total fixed assets	849.100		
Current assets:		Provisions for liabilities	648
Inventories	1.597		
Receivables	5.169	Current payables	20.492
Total current assets	6.766		
TOTAL ASSETS	**855.866**	**TOTAL EQUITY AND LIABILITIES**	**855.866**

(24) Environmental Information

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

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

The Company's board of directors considers that there are no significant contingencies in connection with the protection and improvement of the environment and that it is not necessary to recognise any provisions for environmental risks and charges in the annual accounts at 31 December 2011 and 2010.

(25) Related Party Balances and Transactions

(a) Related party balances

Balances receivable from and payable to group companies are disclosed in notes 12 (a) and (c) and 22 (a) and (d).

(b) Related party transactions

The Company's transactions with related parties are as follows:

	2011			2010		
	Subsidiaries	Related parties	TOTAL	Subsidiaries	Related parties	TOTAL
Revenues						
Net sales						
Sales	365.577	-	365.577	375.331	618	375.949
Other services rendered	47.471	409	47.880	41.528	609	42.137
Financial instruments						
Finance income	7.842	344	8.186	910	772	1.682
Dividends	40.000	-	40.000	50.000	-	50.000
Proceeds from disposals of financial instruments	-	-	-	-	79.340	79.340
TOTAL REVENUES	**460.890**	**753**	**461.643**	**467.769**	**81.339**	**549.108**
Expenses						
Net purchases						
Purchases	7	(5.986)	(5.979)	-	(12.803)	(12.803)
Operating lease expenses	1.920	106	2.026	1.920	-	1.920
Other services received	39.613	16.063	55.676	36.516	28.787	65.303
Personnel expenses	8.946	-	8.946	9.032	-	9.032
Financial instruments						
Finance expenses	536	2.096	2.632	19	123	142
TOTAL EXPENSES	**51.022**	**12.279**	**63.301**	**47.487**	**16.107**	**63.594**
Investments						
Cost of assets acquired						
Buildings	(2)	-	(2)	(35)	-	(35)
Machinery, installations and furniture	(109)	-	(109)	188	-	188
Other fixed assets	(3)	-	(3)	13	-	13
TOTAL COST	**(114)**	**-**	**(114)**	**166**	**-**	**166**
Carrying amount and assets sold						
Buildings	(1)	-	(1)	(29)	-	(29)
Machinery, installations and furniture	(3)	-	(3)	262	-	262
Other fixed assets	1	-	1	13	-	13
TOTAL CARRYING AMOUNT	**(3)**	**-**	**(3)**	**246**	**-**	**246**
Dividend distributed	**-**	**368.600**	**368.600**	**-**	**532.000**	**532.000**

The above income and expense balances include transactions with Carrefour Group companies until 5 July 2011, when the Company ceased to belong to this group.

Prior to being spun off from the Carrefour Group, the Company belonged to the tax group headed by its sole shareholder, Norfin Holder, S.A. (see note 23). Consequently, the accounts for 2010 included Euros 15,535 thousand payable to this tax group under "current payables to group companies and associates", whereas no such balance has been recognised in 2011.

Furthermore, in 2010 the Company sold its interest in DIA Hellas, A.E. to Carrefour Marinopoulus, A.E. for Euros 96,000 thousand.

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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

(c) Information on the Company's directors and senior management personnel

Details of remuneration received by the directors and senior management of the Company in 2011 and 2010 are as follows:

In thousands of Euros			
2011		2010	
Directors	Senior mgt.	Directors	Senior mgt.
1,123	2,216	1,450	1,536

The figure presented under directors for 2011 in the table above includes Euros 473 thousand earned in their capacity as board members, whereas in the prior year no such remuneration was received.

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

	In thousands of Euros			
Members of the Board	Financial instruments	Fixed remuneration	Variable remuneration	Life insurance premiums
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 director for 2011.

Additionally, the amount disclosed under "senior management" for 2011 includes Euros 322 thousand earned by executives who were directors of the Company prior to the spin-off from the Carrefour Group.

At 31 December 2011 and 2010 no advances or loans have been received by the senior executives or directors, nor has the Company extended any guarantees on their behalf.

At 31 December 2011 and 2010, 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 Company and positions held as well as functions and activities performed in these companies are as follows:

2011			
Director	Company name	% ownership	Positions or functions
Mr. Ricardo Currás de Don Pablos	Carrefour, S.A.	0.001	None
Mr. Ricardo Currás de Don Pablos	Finandia, E.F.C., S.A.U.	-	Board member
Mr. Ricardo Currás de Don Pablos	Diasa DIA Sabanci Supermarketleri Ticaret, A.S.	-	Board member
Mr. Nadra Moussalem	Carrefour, S.A.	0.000	None

2010			
Director	**Company name**	**% ownership**	**Positions or functions**
Mr. Ricardo Currás de Don Pablos	Finandia E.F.C., S.A.	-	Board member
Mr. Ricardo Currás de Don Pablos	Norfin Holder, S.L.	-	Board member
Mr. Ricardo Currás de Don Pablos	Dia Sabanci Supermarketleri Ticaret Anomin Sirketi	-	Board member
Dauhpinoise de Participations represented by Mr. Bernard Carrel Billiard	Carrefour Romania	-	Board member
Carrefour Nederland BV represented by Mr. Bernard Carrel Billiard	Centros Comerciales Carrefour	-	Board member
Mr. Antonio Arnanz Martín	Finandia E.F.C., S.A.	-	Board member
Mr. Antonio Arnanz Martín	Norfin Holder, S.L.	-	Board member

(26) Income and Expenses

(a) Revenues

Details of revenues by geographical market are as follows:

	Thousands of Euros	
	2011	**2010**
North Spain	1,834,489	1,828,672
South Spain	2,220,936	2,195,427
Abroad	4,431	9,744
Total	**4,059,856**	**4,033,843**

(b) Supplies

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

	Thousands of Euros	
	2011	**2010**
Merchandise used		
Purchases	3,682,692	3,627,792
Purchase discounts, non-trade income and returns	(644,148)	(606,122)
Change in inventories	15,700	19,473
Total	**3,054,244**	**3,041,143**
Raw materials and consumables used		
Purchases	10,776	6,906
Change in inventories	330	130
Total	**11,106**	**7,036**
Subcontracted work	43,522	38,841
Impairment of merchandise, raw materials and other supplies	(505)	106
Total	**3,108,367**	**3,087,126**

(c) Employee benefits expense and provisions

Details of employee benefits expense and provisions are as follows:

	Thousands of Euros	
	2011	2010
Social Security payable by the Company	78,309	79,596
Other employee benefits expenses	3,454	2,743
Total	**81,763**	**82,339**

(d) Impairment and proceeds from disposals of fixed assets

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

	Thousands of Euros	
	2011	2010
Impairment of intangible assets (note 5)	60	261
Impairment of property, plant and equipment (note 6)	2,123	5,634
Intangible assets (note 5)	370	1,653
Property, plant and equipment (note 6)	7,356	9,550
Total	**9,909**	**17,098**

(e) Other expenses

Other expenses comprise fines and penalties paid by the Company totalling Euros 232 thousand in 2011 and Euros 3,055 thousand in 2010.

(f) Foreign currency transactions

Details of exchange gains and losses as a result of operations in foreign currencies are as follows:

	Thousands of Euros	
	2011	2010
Exchange losses	(82)	(19)
Exchange gains	143	77
Total	**61**	**58**

(g) Gains/(losses) on disposal and other

During 2011 the Company generated capital gains of Euros 3,043 thousand on the sale of 5% of its interest in DIA Argentina, S.A. to the subsidiary Pe-tra Servicios a la Distribución, S.L. (see note 11).

In 2010 the Company generated capital gains of Euros 79,340 thousand on the sale of its interest in DIA Hellas, A.E. to Carrefour Marinopoulos, A.E. for Euros 96,000 thousand (see note 11).

(27) Commitments and contingencies

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

These off-balance-sheet cash commitments comprise:

- available credit facilities which were unused at year end and
- bank commitments received.

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

Finally, commitments relating to lease contracts for property and furniture and equipment are detailed in note 8 (Operating leases) and commitments relating to guarantees given in the financing contract are provided in note 22 (c).

Itemised details of commitments at 31 December 2011 and 2010, in thousands of Euros, are as follows:

(a) Pledged

In thousands of Euros - 31 December 2011	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Guarantees	13	1,567	684	12,267	14,531
Cash	**13**	**1,567**	**684**	**12,267**	**14,531**
Purchase option on warehouses and stores	-	-	-	63,806	63,806
Commercial contract commitments	4,645	1,843	185	-	6,673
Other commitments	4,141	3,612	6,546	457	14,756
Operations / property / expansion	**8,786**	**5,455**	**6,731**	**64,263**	**85,235**
Total	**8,799**	**7,022**	**7,415**	**76,530**	**99,766**

In thousands of Euros - 31 December 2010	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Guarantees	262	13	2.602	11.379	14.256
Cash	**262**	**13**	**2.602**	**11.379**	**14.256**
Purchase option on warehouses and stores	-	-	-	63.874	63.874
Commercial contract commitments	4.626	1.509	-	-	6.135
Other commitments	2.168	2.267	5.885	1.089	11.409
Operations / property / expansion	**6.794**	**3.776**	**5.885**	**64.963**	**81.418**
Total	**7.056**	**3.789**	**8.487**	**76.342**	**95.674**

(b) Received

In thousands of Euros - 31 December 2011	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Unused credit facilities	32,610	-	-	-	32,610
Cash	**32,610**	**-**	**-**	**-**	**32,610**
Commercial contract commitments	13,236	4,168	15,169	11,428	44,001
Operations / property / expansion	**13,236**	**4,168**	**15,169**	**11,428**	**44,001**
Total	**45,846**	**4,168**	**15,169**	**11,428**	**76,611**

In thousands of Euros - 31 December 2010	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Unused credit facilities	20,467	32,758	-	-	53,225
Cash	**20,467**	**32,758**	**-**	**-**	**53,225**
Commercial contract commitments	9,392	3,549	12,788	10,385	36,114
Operations / property / expansion	**9,392**	**3,549**	**12,788**	**10,385**	**36,114**
Total	**29,859**	**36,307**	**12,788**	**10,385**	**89,339**

As the parent company of the DIA Group, the Company guarantees financing received by its subsidiaries. The main guarantees are those provided to Deutsche Bank and JP Morgan to secure respective financing contracts of Euros 5,000 thousand and Renminbi 50,000 thousand granted to the Group's Chinese subsidiaries on 8 November and 23 December 2011, respectively. On 24 January 2012 the Company extended a guarantee to Société Générale to secure a Euros 25,400 thousand bank guarantee for the French company ED SAS in relation to litigation proceedings concerning the rounding-off of VAT to Euro decimals.

(28) Employee Information

The average headcount of full-time-equivalent personnel in 2011 and 2010, distributed by professional category, is as follows:

	2011	2010
Management	127	136
Middle management	500	474
Other employees	15,997	16,740
Total	**16,624**	**17,350**

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

	2011		2010	
	Female	Male	Female	Male
Board members	2	8	-	6
Management	46	81	47	80
Middle management	239	265	221	265
Other employees	13,089	3,798	13,953	3,676
Total	**13,376**	**4,152**	**14,221**	**4,027**

During 2011 the Company employed two junior managers and 62 other employees with a disability rating of 33% or above (or an equivalent local classification).

The Company has nine senior management personnel at 31 December 2011 and 2010. During 2011 one member of the board of directors also formed part of the Company's senior management personnel (three in 2010).

(29) Audit Fees

KPMG Auditores, S.L., the auditors of the annual accounts of the Company, and other individuals and companies related to the auditors as defined by Audit Law 19/1988 of 12 July 1988, have invoiced the Company the following fees for professional services during 2011 and 2010:

AUDIT FEES

	2011	2010
Audit services	119	119
Audit-related professional services	3	30
Total	**122**	**149**

(30) Events after the Balance Sheet Date

16 January 2012 was the deadline for the purchase of 13,586,720 DIA shares by Société Générale under the equity swap contract signed by the two parties on 21 December 2011. As a result of this purchase, Société Génerale now holds an indirect ownership of 2% of the Company's share capital.

In December 2011 the IBEX 35 Technical Advisory Committee selected Distribuidora Internacional de Alimentación, S.A. to form part of this index as of 2 January 2012. DIA shares began trading on the IBEX 35 on that date.

On 13 January 2012 the board of directors approved a Renminbi 80,000 thousand share capital increase by the Company's Chinese subsidiaries.

DIRECTOR'S REPORT

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

Distribuidora Internacional de Alimentación, S.A. (hereinafter the Company or DIA) and its subsidiaries abroad ended 2011 with a commercial network of 6,833 stores in Spain, France, Portugal, Turkey, Argentina, Brazil and China, of which 4,249 were own stores and 2,584 were franchises. The distribution by country is as follows:

Spain	2,827
France	916
Portugal	553
Turkey	1,115
Argentina	495
Brazil	480
China	447
Total	6,833

DIA and its subsidiaries in Spain ended the year with 2,827 establishments (1,640 own stores and 1,187 franchises).

Despite consumer trends in the Spanish market, the Company and its national subsidiaries have achieved net sales of Euros 4,141 million in 2011. Net sales of the Company and subsidiaries abroad amounted to Euros 9,779 million excluding VAT.

The Company's operating profit in 2011 amounted to Euros 150.48 million, with profit after tax of Euros 121.05 million.

DIA and its Spanish subsidiaries closed 2011 with a workforce of 18,870 employees. When all eight countries are considered, this figure rises to 47,021 employees at year end.

In 2011 DIA and its subsidiaries in Spain continued to make major investments in the modernisation of its stores, adapting these to the new DIA Market and DIA Maxi formats, which at year end totalled 1,477 establishments (952 in DIA Market format and 525 DIA Maxi establishments).

On 28 September 2011 the new company DIA World Trade was incorporated with registered offices in Geneva (Switzerland). DIA S.A. paid a total of Swiss Francs 1,000 thousand in share capital and share premium. In 2011, share capital was also increased at DIA Sabanci Supermarketleri Ticaret Anonim Sirketi, Shanghai DIA Retail Co., LTD and Beijing DIA Commercial Co., LTD.

In 2011 DIA Portugal, S.A. reduced its share capital by Euros 30,000 thousand and 5% of the share capital of DIA Argentina, S.A. was sold to Grupo Pe-tra, Servicios a la Distribución, S.L.

- Risk Management Policy

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

The Company's senior executives manage these risks and ensure that 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 policy used for each risk type, as proposed by the Company's board of directors, is as follows:

Risk management is controlled by the Company's finance department. This department identifies, evaluates and mitigates financial risks in close collaboration with the Company's operational units. The Company's risks and uncertainties are described in note 10 to the annual accounts.

- Environmental issues

The Company 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. The Company 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 impacts caused by its business.

- **Research and development expenditure**

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

- **Own shares**

On 28 July 2011, in accordance with article 146 and subsequent articles of the Spanish Companies Act, the board of directors of the Company approved an own share buy-back programme, the terms of which are as follows:

- The maximum number of own shares that can be acquired is equivalent to 2% of share capital.

- The maximum duration of the programme 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 buy-back programme is to meet obligations related to the remuneration plan of the board members and the obligations related to the share distribution and share options plans within the terms to be approved by the board of directors.

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

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

Other transactions during the year include the transfer of 85,736 shares to the Group's directors on 23 December as remuneration, with a charge of Euros 22 thousand to voluntary reserves.

As a result, at year end the Company holds 13,500,984 own shares with an average purchase price of Euros 2.90 per share.

On 21 December 2011 the Company entered into a contract with Société Générale whereby the latter agrees to acquire a maximum number of 13,586,720 shares. The deadline for this share purchase is 2 February 2012 or once all the specified shares have been acquired.

- **Subsequent events**

16 January 2012 was the deadline for the purchase of all the Company's shares by Société Générale under the equity swap contract signed by the two parties on 21 December 2011. Société Générale had therefore acquired 13,586,720 shares at that date and as a result of this purchase now holds an indirect interest of 2% of the Company's share capital.

In December 2011 the IBEX 35 Technical Advisory Committee selected Distribuidora Internacional de Alimentación, S.A. to form part of this index as of 2 January 2012. DIA shares began trading on the IBEX 35 on that date.

On 13 January 2012, the board of directors approved a capital increase of Renminbi 80,000 in the Chinese companies.

- **Annual Corporate Governance Report**

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