Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

Consolidated 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 Consolidated Annual Accounts

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

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

We have audited the consolidated annual accounts of Distribuidora Internacional de Alimentación, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated balance sheet at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As specified in note 2 to the accompanying consolidated annual accounts, the Company's directors are responsible for the preparation of the consolidated annual accounts of the Group in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of the financial information reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of Distribuidora Internacional de Alimentación, S.A. and subsidiaries at 31 December 2011 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of the applicable financial information reporting framework.

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

KPMG Auditores, S.L.

(Signed on the original in Spanish)

José Ignacio Rodríguez Prado

27 February 2012

DIA GROUP CONSOLIDATED ANNUAL ACCOUNTS

AT 31 DECEMBER 2011

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Consolidated statements of financial position (I)

at 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	2011	2010
Property, plant and equipment	6	1,625,960	1,597,421
Goodwill	7.1	416,543	414,435
Other intangible assets	7.2	44,376	45,419
Investments accounted for using the equity method	10	1,599	108
Non-current financial assets	9.2 and 9.3	57,668	51,665
Consumer loans by finance companies	9.1	1,973	3,191
Deferred tax assets	18	58,191	29,283
Non-current assets		**2,206,310**	**2,141,522**
Inventories	12	521,926	539,303
Trade and other receivables	9.2	191,254	178,983
- Trade receivables from Group companies		4,279	26,536
- Other trade and other receivables		186,975	152,447
Consumer loans by finance companies	9.1	5,364	5,634
Current tax assets	18	61,705	38,392
Other current financial assets	9.3	18,981	21,615
Other assets	11	14,100	11,097
Cash or cash equivalents	13	289,943	316,842
Current assets		**1,103,273**	**1,111,866**
TOTAL ASSETS		**3,309,583**	**3,253,388**

Consolidated statements of financial position (I)

at 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	2011	2010
Capital	15.1	67,934	3,899
Share premium	15.2	618,157	848,533
Reserves	15.3	(648,968)	(565,396)
Other own equity instruments	15.4	(37,066)	-
Profit for the year		98,462	122,149
Translation differences		86	4,594
Cash flow hedges		167	(20)
Other equity instruments	15.5	-	16,524
Equity attributable to equityholders of the Parent		98,772	430,283
Non-controlling interests	15.7	5,844	(7,794)
Total equity		104,616	422,489
Non-current borrowings	16.1	599,656	27,994
- Group companies		-	12,217
- Financial institutions		595,457	12,332
- Other non-current borrowings		4,199	3,445
Provisions	17	168,975	184,433
Deferred tax liabilities	18	85,614	10,377
Non-current liabilities		854,245	222,804
Current borrowings	16.1	266,146	540,459
- Group companies		-	507,159
- Financial institutions		260,479	32,633
- Other current borrowings		5,667	667
Trade and other payables	16.2	1,780,233	1,726,110
- Trade and other payables to group companies		4,215	11,695
- Other trade and other receivables		1,776,018	1,714,415
Refinancing of consumer loans		-	480
Current tax liabilities	18	117,313	106,820
Current income tax liabilities	18	6,851	23,489
Other financial liabilities	16.3	178,287	208,190
Liabilities directly associated with non-current assets held for sale	14	1,892	2,547
Current liabilities		2,350,722	2,608,095
TOTAL EQUITY AND LIABILITIES		3,309,583	3,253,388

CONSOLIDATED INCOME STATEMENTS

Consolidated income statements (II)

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	2011	2010
Sales	5	9,779,473	9,588,045
Other income	20.1	115,379	84,951
TOTAL INCOME		9,894,852	9,672,996
Goods and other consumables used	20.2	(7,796,862)	(7,621,858)
Personnel expenses	20.3	(807,875)	(796,007)
Operating expenses	20.4	(785,299)	(776,408)
Amortisation and depreciation	20.5	(278,784)	(292,321)
Impairment	20.5	(8,989)	(8,000)
Losses on disposal of fixed assets	20.6	(4,367)	(40,359)
RESULTS FROM OPERATING ACTIVITIES		212,676	138,043
Finance income	20.7	9,057	5,945
Finance expenses	20.7	(44,780)	(18,628)
Profit/(loss) of companies accounted for using the equity method	10	870	(600)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		177,823	124,760
Income tax	18	(83,449)	(87,207)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		94,374	37,553
Profit after tax of discontinued operations	14	-	79,341
NET PROFIT		94,374	116,894
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITYHOLDERS OF THE PARENT		98,462	122,149
PROFIT FROM CONTINUING OPERATIONS		98,462	41,129
PROFIT FROM DISCONTINUED OPERATIONS		-	81,020
Profit from continuing operations attributable to non-controlling interests		(4,088)	(3,576)
Profit from discontinued operations attributable to non-controlling interests		-	(1,679)

Basic and diluted earnings per share, in Euros		
Profit on continuing operations	0.15	0.06
Profit on discontinued operations	-	0.12
Profit for the year	0.15	0.18

STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY

Consolidated statements of comprehensive income (III)

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.)

	2011	2010
Net profit for the period	**94,374**	**116,894**
Other comprehensive income:		
Translation differences of financial statements of foreign operations	(2,969)	2,869
	(2,969)	2,869
Cash flow hedges	267	106
Tax effect	(80)	(32)
	187	74
Other comprehensive income, net of income tax	**(2,782)**	**2,943**
Total comprehensive income, net of income tax	**91,592**	**119,837**
Attributed to:		
Equityholders of the Parent	94,141	125,139
Non-controlling interests	(2,549)	(5,302)
	91,592	**119,837**

Statements of changes in consolidated equity (IV)

for the years ended 31 December 2011 and 2010

(Expressed in thousands of Euros)

	Equity attributed to equityholders of the Parent									
Thousands of Euros	**Registered capital**	**Share premium**	**Reserves and accumulated earnings**	**Other equity instruments**	**Cash flow hedges**	**Translation differences**	**Other equity holder contributions**	**Equity attributable to the Parent**	**Minority interests**	**Total equity**
At 1 January 2010	**3,899**	**848,533**	**(54,525)**	**-**	**(94)**	**1,678**	**11,614**	**811,105**	**(6,242)**	**804,863**
Net profit/(loss) for the period	-	-	122,149	-	-	-	-	122,149	(5,255)	116,894
Other comprehensive income, net of income tax	-	-	-	-	74	2,916	-	2,990	(47)	2,943
Translation differences of financial statements of foreign operations	-	-	-	-	-	2,916	-	2,916	(47)	2,869
Cash flow hedges	-	-	-	-	74	-	-	74	-	74
Total comprehensive income for the period	**-**	**-**	**122,149**	**-**	**74**	**2,916**	**-**	**125,139**	**(5,302)**	**119,837**
Transactions with equity holders or owners	-	-	(510,871)	-	-	-	4,910	(505,961)	3,750	(502,211)
Distribution of dividends (Note 15.6)	-	-	(532,000)	-	-	-	-	(532,000)	-	(532,000)
Issuance of share-based payments (Note 19)	-	-	-	-	-	-	5,005	5,005	-	5,005
Cancellation of share-based payments (Note 19)	-	-	(239)	-	-	-	(95)	(334)	-	(334)
Changes in investments in subsidiaries(Note 15.8)	-	-	21,368	-	-	-	-	21,368	3,750	25,118
At 31 December 2010	**3,899**	**848,533**	**(443,247)**	**-**	**(20)**	**4,594**	**16,524**	**430,283**	**(7,794)**	**422,489**
At 1 January 2011	**3,899**	**848,533**	**(443,247)**	**-**	**(20)**	**4,594**	**16,524**	**430,283**	**(7,794)**	**422,489**
Net profit/(loss) for the period	-	-	98,462	-	-	-	-	98,462	(4,088)	94,374
Other comprehensive income, net of income tax	-	-	-	-	187	(4,508)	-	(4,321)	1,539	(2,782)
Translation differences of financial statements of foreign operations	-	-	-	-	-	(4,508)	-	(4,508)	1,539	(2,969)
Cash flow hedges	-	-	-	-	187	-	-	187	-	187
Total comprehensive income for the period	**-**	**-**	**98,462**	**-**	**187**	**(4,508)**	**-**	**94,141**	**(2,549)**	**91,592**
Transactions with equity holders or owners	64,035	(230,376)	(205,721)	(37,066)	-	-	(16,524)	(425,652)	16,187	(409,465)
Issuance of shares (Note 15.1)	64,035	(64,035)	-	-	-	-	-	-	16,093	16,093
Distribution of dividends (Note 15.6)	-	(166,341)	(202,259)	-	-	-	-	(368,600)	-	(368,600)
Issuance of share-based payments (Note 19)	-	-	-	2,085	-	-	2,332	4,417	-	4,417
Cancellation of share-based payments (Note 19)	-	-	19,839	-	-	-	(20,537)	(698)	-	(698)
Transactions with own shares or equity holdings (Note 15.4)	-	-	22	(39,151)	-	-	-	(39,129)	-	(39,129)
Changes to investments in subsidiaries (Note 15.8)	-	-	(23,323)	-	-	-	1,681	(21,642)	94	(21,548)
At 31 December 2011	**67,934**	**618,157**	**(550,506)**	**(37,066)**	**167**	**86**	**-**	**98,772**	**5,844**	**104,616**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Consolidated statements of cash flows (V)

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.)

Thousands of Euros	Notes	2011	2010
Operating activities	-		
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		177,823	124,760
Loss before tax from discontinued operations		-	79,516
Profit before income tax		*177,823*	*204,276*
Adjustments for:		*315,091*	*277,684*
Amortisation and depreciation	20.5	278,784	292,321
Impairment	20.5	8,989	8,000
Loss/(gains) on disposal of fixed assets	20.6	4,367	40,359
Finance income	20.7	(9,057)	(5,945)
Finance expenses	20.7	44,780	18,628
Net provisions (reversals) and grants		(17,171)	7,782
Other adjustments		4,399	(83,461)
Adjustments to working capital:		*(23,466)*	*59,409*
Changes in trade and other receivables		(9,587)	(54,020)
Changes in inventories		18,857	1,928
Changes in trade and other payables		51,386	105,593
Changes in consumer loan and refinancing commitments		1,008	(3,330)
Changes in other assets		(5,588)	16,363
Changes in other liabilities		9,371	5,231
Current income tax paid		(88,913)	(12,356)
Cash flows from operating activities		*469,448*	*541,369*
Investing activities			
Acquisition of intangible assets	7.1 and 7.2	(15,714)	(10,026)
Acquisition of property, plant and equipment	6	(334,187)	(280,015)
Acquisition of financial instruments		(6,352)	(6,480)
Disposals of intangible assets	20.6	3,586	-
Disposals of property, plant and equipment	20.6	10,777	6,184
Payments (collections) for other financial assets		33,030	(7,339)
Disposal of assets held for sale		-	96,335
Interest received		7,559	3,018
Acquisition of subsidiaries net of cash aquired		(38,620)	-
Cash flows used in investing activities		*(339,921)*	*(198,323)*
Financing activities			
Dividends distributed to shareholders of the Parent	15.5	(368,600)	(532,000)
Acquisition of own shares	15.4a)	(39,400)	-
Acquisition of non-controlling interests		(198)	-
Contributions from non-controlling interests	15.7	16,093	-
Borrowings made		850,642	452,000
Borrowings repaid		(559,541)	(221,924)
Payments (collections) for other financial liabilities		(32,362)	14,156
Interest paid		(43,222)	(4,252)
Cash flows used in financing activities		*(176,588)*	*(292,020)*
Net changes in cash and cash equivalents		*(47,061)*	*51,026*
Net exchange gains		20,162	15,038
Cash and cash equivalents at 1 January	13	*316,842*	*250,778*
Cash and cash equivalents at 31 December	13	*289,943*	*316,842*

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2011

Notes to the consolidated annual accounts for 2011 (VI)

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

1. CORPORATE INFORMATION

Distribuidora Internacional de Alimentación, S.A. (hereinafter the "Parent 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), Parque Empresarial de Las Rozas, edificio Tripark, calle Jacinto Benavente nº 2-A.

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 company 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 Parent 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.

Until 5 July 2011 the Parent company and its subsidiaries formed part of the Carrefour Group, the Parent of which is Carrefour, S.A., domiciled in Paris. As detailed in notes 15 and 22, on 1 July 2011 Carrefour S.A. acquired 100% of DIA shares 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 the Company. On 5 July 2011 the DIA shares were distributed to all holders of shares in Carrefour, S.A. at the previous day’s trading close. On that date, 100% of DIA shares were floated on the Spanish stock exchanges and the DIA Group ceased to form part of the Carrefour Group.

Distribuidora Internacional de Alimentación, S.A. is the Parent company of a group of subsidiaries (hereinafter the DIA Group or the Group) which are all fully consolidated, except for Bladis SAS, which is accounted for using the equity method. Details of the DIA Group's subsidiaries, as well as their activities, registered offices and percentages of ownership are as follows:

Name	Location	Activity	% interest 2011	2010
DIA Portugal Supermercados, S.U, Lda.	Lisbon	Food distribution	100.00	100.00
DIA Argentina, S.A.	Buenos Aires	Wholesale and retail distribution of food products.	100.00	100.00
Diasa DIA Sabanci Supermarketleri Ticaret, A.S.	Istanbul	Wholesale and retail distribution of consumer products.	60.00	59.93
Dia Brasil Sociedade Limitada	Sao Paulo	Wholesale and retail distribution of consumer products.	100.00	100.00
Finandia, E.F.C., S.A.U.	Madrid	Loan and credit transactions, including consumer loans, mortgage loans and finance for commercial transactions, and credit and debit card issuing and management.	100.00	100.00
DIA Tian Tian Management Consulting Service & Co. Ltd.	Shanghai	Services consultancy.	100.00	100.00
Shanghai DIA Retail Co. Ltd.	Shanghai	Wholesale and retail distribution of consumer products.	100.00	100.00
Beijing DIA Commercial Co. Ltd.	Beijing	Wholesale and retail distribution of consumer products.	100.00	100.00
Twins Alimentación, S.A.U.	Madrid	Distribution of food and toiletries through supermarkets.	100.00	100.00
Pe-Tra Servicios a la distribución, S.L.U.	Madrid	Leasing of business premises.	100.00	100.00
ED SAS	Vitry-sur-Seine	Wholesale and retail distribution of consumer products.	100.00	100.00
Inmobiliere Erteco SAS	Vitry-sur-Seine	Leasing of business premises.	100.00	100.00
ED Franchise SAS	Vitry-sur-Seine	Franchise management.	100.00	100.00
Proved SAS (*)	Annecy	Wholesale and retail distribution of consumer products.	50.00	50.00
Voiron Distribution SAS (*)	Annecy	Wholesale and retail distribution of consumer products.	50.00	50.00
Erteco SAS (**)	Vitry-sur-Seine	Management and brand licencing.	100.00	-
Bladis, SAS (**)	Chaleaurenard	Sale of fruit and vegetables.	33.33	-
Campus DIA SAS (***)	Annecy	Training	100.00	-
DIA World Trade, S.A. (***)	Geneva	Provision of services to suppliers of DIA Group companies.	100.00	-

(*) At 31 December 2010, Proved SAS and its wholly-owned subsidiary Voiron Distribución were accounted for using the equity method. At 31 December 2011, these companies were fully consolidated as a result of the control held over them since 1 January 2011.

(**) On 2 May 2011, the subsidiary ED SAS acquired all the shares of Erteco, SAS from Carrefour SA. and its associate Bladis SAS for Euros 40,000 thousand. Bladis SAS is the subsidiary's only equity-accounted investment (see notes 4 and 10).

(**) Campus DIA SAS and DIA World Trade SA commenced activities in 2011.

2. BASIS OF PRESENTATION

2.1. Basis of preparation of the consolidated annual accounts

The Parent company's directors have prepared these consolidated annual accounts on the basis of the accounting records of Distribuidora Internacional de Alimentación S.A. and consolidated companies in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter "IFRS-EU") and other applicable provisions of the financial reporting regulatory framework, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, to give a true and fair view of the consolidated equity and consolidated financial position of Distribuidora Internacional de Alimentación S.A. and subsidiaries at 31 December 2011 and of its consolidated results, consolidated cash flow and changes in consolidated equity for the year then ended.

On 28 February 2011 the DIA Group authorised for issue the consolidated financial statements for 2010, 2009 and 2008, which were the first consolidated financial statements drawn up by the DIA Group. These consolidated financial statements were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS1), taking 1 January 2008 as the date of first-time adoption. As indicated in note 1, until 5 July 2011 the DIA Group formed part of the Carrefour Group, which has issued consolidated financial statements in accordance with IFRS-EU since 2005. For the purposes of the consolidated financial statements of the Carrefour Group, DIA and its subsidiaries each prepared a consolidation report under IFRS-EU.

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

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

- Business combinations: the Group has not re-estimated the business combinations carried out prior to 1 January 2004.
- Accumulated translation differences: the Group recognised the accumulated translation differences of all foreign businesses prior to 1 January 2004 at zero, and transferred the related balances to reserves at that date.

- Employee benefits: the Group recognised all accumulated actuarial gains and losses against reserves at 1 January 2004.
- Share-based payment plans: the Group opted to limit the application of IFRS 2 to the share-based payment plans taking effect as from 7 November 2002 for which vesting conditions had not been consolidated at 1 January 2004.
- Financial instruments: the Group opted to apply IAS 32 and IAS 39 from 1 January 2004 and to avail of the following exemption:

  - Previously recognised financial assets and liabilities at the date of transition were allocated at the transition date of the Carrefour Group.

Notwithstanding the above, under the Spanish Code of Commerce the DIA Group was previously exempt from the obligation to file consolidated annual accounts, as the DIA Group formed part of a group whose ultimate Parent was subject to the legislation of another EU member state. The 2011 consolidated annual accounts, which are the first consolidated annual accounts prepared by the DIA Group, will be filed at the Madrid Mercantile Registry in accordance with Spanish legislation.

The DIA Group has adopted the latest versions of all applicable standards issued by the IASB and endorsed by the European Union Regulation Committee whose application is mandatory as at 31 December 2011.

The individual annual accounts of the Group companies for 2011 will be submitted for the approval of their respective shareholders within the statutory periods. The directors of the Parent consider that no significant changes will be made to the consolidated annual accounts for 2011 as a result of this process. The 2011 consolidated annual accounts of the DIA Group were prepared by the board of directors of the Parent company on 24 February 2012 and are expected to be approved in their present form by the shareholders of the Parent at the annual general meeting.

2.2. Comparative information

The consolidated annual accounts present each item of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes thereto for 2011.

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

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

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

a) Relevant accounting estimates and assumptions

The Group tests for impairment of goodwill on an annual basis. The calculation of the recoverable amount of a country group of CGUs to which goodwill has been allocated requires the use of estimates by management. The recoverable amount is the higher of fair value less costs to sell and value in use. The Group generally uses cash flow discounting methods to calculate these values. Cash flow discounting calculations are based on the five-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 and the weighted average cost of capital. The estimates, including the methodology employed, could have a significant impact on the values and the impairment loss (see note 7).

The Group evaluates the recoverability of deferred tax assets recognised by certain subsidiaries based on the business plan of the tax group to which they belong, and has recognised the tax effect of tax loss carryforwards, credits and deductible temporary differences whose offset against future tax gains appears probable. In order to determine the amount of the deferred tax assets to be recognised, management estimates the amounts and dates on which future taxable profits will be obtained and the reversal period of temporary differences. As indicated in note 18, the deferred tax assets recognised in respect of tax loss carryforwards, credits and deductible temporary differences amount to Euros 58,191 thousand in 2011 and Euros 29,283 thousand in 2010.

The DIA Group's board of directors has approved non-current employee benefit plans based on Parent company shares, the final draft of which has yet to be prepared and published. The Group 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 Group evaluates whether there are indications of possible impairment on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount (see note 3 (h)).

The Group is undergoing legal proceedings and tax inspections in various jurisdictions, some of which have been completed by the taxation authorities. Additional tax assessments have been appealed by Group companies at 31 December 2011. The Group recognises a provision if it is probable that an obligation will exist at year end which will give rise to an outflow of resources embodying economic benefits and the outflow can be reliably measured. Consequently, management uses significant judgement when determining whether it is probable that the proceedings will result in an outflow of resources embodying economic benefits and estimating the amount (see note 17).

b) Changes in accounting estimates

Although estimates are calculated by the 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 consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively. No significant changes to estimates made in the prior year have been recognised in 2011.

2.4. Standards applied for the first time

The Group has applied all of the standards effective as of 1 January 2011:

The application of these standards has not required any significant changes in the preparation of the consolidated annual accounts for the year.

2.5. Standards and interpretations issued but not applied

At the date of publication of these consolidated annual accounts, the following standards have been issued which had not entered into force at 1 January 2011. The Group expects to adopt these standards as of 1 January 2012 or thereafter:

- Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income. Effective for years beginning after 1 July 2012. Pending adoption by the EU.
- IFRS 10 Consolidated Financial Statements. Effective for years beginning after 1 January 2013. Pending adoption by the EU.
- IFRS 13 Fair Value Measurement. Effective for years beginning after 1 January 2013. Pending adoption by the EU.
- Amendments to IFRS 7 – Disclosures of transfers of financial assets. Effective for years beginning after 1 July 2011. It is not necessary to present disclosures for annual periods beginning before this date.
- IFRS 9 Financial Instruments. Effective for years beginning after 1 January 2015. Pending adoption by the EU.

- IFRS 7 - Financial Instruments: Disclosures: Amendment to disclosures regarding the settlement of financial assets and financial liabilities. The standard applies to years starting on or after 1 January 2013. Pending adoption by the EU.

- IAS 32 Financial instruments: Presentation: Amendment to disclosures regarding the settlement of financial assets and financial liabilities. The standard applies to years starting on or after 1 January 2014. Pending adoption by the EU.

The Group has not early adopted any of these standards or amendments and is currently analysing the impact of applying these standards, rectifications and interpretations. Based on its analyses to date, the Group estimates that their application will not have a significant impact on the consolidated financial statements. The changes introduced by IFRS 9 will affect financial instruments and future transactions with financial instruments carried out as of 1 January 2015.

2.6. Basis of consolidation

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

Subsidiaries are fully consolidated as of the date of acquisition, which is the date on which the Group obtains control, and continue to be consolidated until the date that control is relinquished. For consolidation purposes the annual accounts of subsidiaries are prepared for the same reporting period as that of the Parent, and applying the same accounting policies. All balances, revenues, expenses, gains, losses and dividends arising from transactions between Group companies are fully eliminated.

When the Group loses control over a subsidiary:

- The assets (including goodwill) and liabilities of the subsidiary are derecognised.
- The carrying amount of any investments in non-controlling interests is derecognised.
- Any accumulated translation differences recognised in equity are derecognised.
- The fair value of the consideration received is recognised.
- The fair value of any residual investment maintained is recognised.
- Any positive or negative balances are taken to the income statement.
- The Parent company's interest in the components previously recognised in other comprehensive income is taken to the income statement.

3. PRINCIPAL ACCOUNTING POLICIES

a) Business combinations and goodwill

The Group has applied the exemption permitted by IFRS 1 regarding business combinations. Consequently, only those business combinations which have arisen since 1 January 2004 (the date on which the Carrefour Group first adopted EU-IFRS) have been recognised using the purchase method. Acquisitions of entities prior to that date were accounted for in accordance with the generally accepted accounting principles previously applied by the Carrefour Group with the necessary corrections and adjustments at the date of transition.

The Group has applied IFRS 3 “Business combinations” revised in 2008 to all the transactions carried out in 2011 and detailed in the annual accounts for that year.

The Group applies the purchase method for business combinations.

The acquisition date is the date on which the Group obtains control of the acquiree.

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

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

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

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

b) Investments in associates

The DIA Group's investment in companies over which it exercises significant influence (whether because it holds an interest of between 20% and 50%, or is represented on the board of directors, or through shareholder agreements), without exercising control or managing the entity jointly with third parties, is accounted for using the equity method. The carrying amount of the investment in the associate includes goodwill and the consolidated income statement reflects the Group's share in the results of the associate's operations. If the associate recognises profits or losses directly in its equity, the Group also recognises its share in these items directly in equity.

c) Non-controlling interests

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

Acquisition of shares from non-controlling interests

Where there has been no change in control, increases or reductions in interests in subsidiaries are accounted for as equity transactions.

Sales of shares to non-controlling interests

Where there has been no change in control, increases or reductions in interests in subsidiaries are accounted for as equity transactions. When control over a subsidiary is lost, the Group must adjust the fair value of any residual investment in the entity at the date on which control is lost.

d) Translation method

The financial statements of the DIA Group's foreign subsidiaries have been translated using the closing exchange rates, with the exception of the following:

- Capital and reserves have been translated using historical exchange rates.
- Consolidated income statement items have been translated using the average exchange rate for the year.
- Cash flow statement items have been translated using the average exchange rate for the year.

Goodwill and adjustments to fair value of items included in the statement of financial position which arise on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

The exchange difference resulting from the application of these criteria is included in “Translation differences” under “Equity attributable to holders of equity instruments in the Parent” in the accompanying consolidated statements of financial position, after deducting the part of this difference that corresponds to non-controlling interests, which are presented under “Equity attributable to non-controlling interests”.

e) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rate prevailing at the transaction date, and measured at year end using the exchange rate prevailing at that date.

All realised or unrealised exchange gains or losses are recognised in consolidated profit or loss.

f) Recognition of income and expenses

Income and expenses are recognised in the consolidated income statement on an accruals basis.

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

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

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

The Group recognises revenue from the sale of goods when:

- 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.

g) Intangible assets

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

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

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

Computer software

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

Leaseholds

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

h) Property, plant and equipment

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

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

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

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

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

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

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

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

	Years of expected useful life
Buildings	40
Technical installations and machinery	4 - 7
Other installations, equipment and furniture	4 -10
Other property, plant and equipment	3 - 5

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

i) Leases

<u>Lessee accounting records</u>

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

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

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

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

Lessor accounting records

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

Sale and leaseback transactions

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

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

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

When the leaseback is classed as an operating lease:

- If the transaction is established at fair value, any profit or loss on the sale is recognised immediately in consolidated profit or loss for the year.

- If the sale price is below fair value, any profit or loss is recognised immediately. However, if the loss is compensated for by future lease payments at below market price, it is deferred in proportion to the lease payments over the period for which the asset is to be used.

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

j) Non-current assets held for sale

Non-current assets, the carrying amounts of which are mainly recovered through sales transactions rather than continued use, are classified as non-current assets held for sale. Non-current assets and disposal groups are classified as held for sale when they are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale must be highly probable.

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

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

A gain on increases in the fair value less costs to sell (either due to remeasurement at fair value less costs to sell or to impairment losses that occurred before classification of the asset as held for sale) is recognised in the income statement to the extent that it reverses any impairment of the asset.

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

k) Impairment of non-financial assets

k.1. Impairment of goodwill

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

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

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

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

At the end of each reporting period the Group 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.

k.2. Impairment of other non-current assets

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

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

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

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

l) Advertising and catalogue expenses

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

m) Financial instruments - assets

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

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

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

A financial asset is derecognised, in whole or in part, when the following circumstances arise:

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

n) Inventories

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

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates, non-trading income or other similar items, plus any additional costs incurred to bring the goods to a saleable condition 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 cost of inventories when it is probable that the conditions for discounts to be received will be met. Unallocated discounts are recognised as a reduction in merchandise consumed and other consumables.

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.

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 recognised under merchandise consumed and other consumables.

o) Cash and cash equivalents

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

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

p) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration given, less any directly attributable transaction costs. In subsequent periods, these financial liabilities are carried at amortised cost using the effective interest method. Financial liabilities are classified as non-current when they not are expected to be settled within a period of twelve months or the DIA Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

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

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

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

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

Guarantees received in relation to subleases are measured at nominal amount, as the effect of restating them is immaterial.

Derivative financial products and hedge accounting

Derivative financial instruments are recognised at fair value, and classified as financial assets or financial liabilities depending on whether fair value is positive or negative, respectively. Derivative financial instruments maturing in twelve months or less are classified as current whereas those which mature in over a year are classified as non-current. Derivative instruments that comply with the criteria to be treated as hedging instruments for non-current assets are classified as non-current assets or liabilities, depending on whether their values are positive or negative.

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

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

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

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

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

q) Parent company own shares

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

The subsequent redemption of Parent company shares, where applicable, leads to a reduction in share capital in an amount equivalent to the par value of such shares. Any positive or negative difference between the cost of acquisition and the par value of the shares is debited or credited to reserves.

Transaction costs related with treasury equity instruments, including the issue costs related with a business combination, are accounted for as a deduction from equity, net of any tax effect.

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

r) Distributions to shareholders

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

s) Employee benefits

Defined benefit plans

Liabilities accrued as a result of defined benefit plans are measured using the Projected Unit Credit Method. This calculation is based on demographic and financial assumptions which are determined at country level, considering the macroeconomic environment. Discount rates are determined by reference to market interest rate curves. Calculations are carried out by an independent actuary. The Group applies the corridor method, not recognising the impact of actuarial adjustments on the consolidated income statement when these are maintained within a 10% interval. When this interval is exceeded the impact of actuarial adjustments is distributed over the average working life of the plan beneficiaries.

Termination benefits

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

Restructuring-related termination benefits

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

Short-term employee benefits

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

t) Other provisions

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

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

u) Share-based payments for goods and services

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

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

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

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

Share-based payment transactions are recognised as follows:

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

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

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

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

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

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

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

For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period, with any changes in fair value recognised in the consolidated income statement. Services received or goods acquired and the liability payable 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 Group or the employee with the choice of whether the Group settles the transaction in cash or by issuing equity instruments, the Group accounts for that transaction as a cash-settled share-based payment transaction if the Group 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 issuance of a compound financial instrument with a debt and an equity component. The Group first measures the fair value of the debt component at the concession date, 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.

At the settlement date, the liability is remeasured to its fair value. If the Group 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 reserves.

(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 the close of the reporting period, the Group estimates the future tax deduction based on the price of the shares at that time. 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 DIA Group ceased to form part of the Carrefour Group, payments to employees through 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 grant 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 recognises the amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revises that estimate if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

- As the DIA Group was spun off from the Carrefour Group on 5 July 2011, the cost of services provided by employees in relation to this plan to be recorded by the Dia Group is equivalent to the balance that can be called in by Carrefour, S.A. in respect of the transfer of Carrefour, S.A. equity instruments to beneficiaries employed by the DIA Group. This cost is recognised with a balancing entry under non-current provisions.

v) Grants, donations and bequests

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

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

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

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

w) Income tax expense

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities are presented at their net amount only when they relate to income taxes levied by the same taxation authority on the same taxable entity. There is a legally enforced right to set off current taxes against assets and liabilities.

In accordance with French tax legislation and pursuant to the French State Budget Law for 2010, enacted on 30 December 2009, French tax entities are subject to CVAE (a French business tax), calculated based on the added value reflected in the financial statements.

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

x) Segment Reporting

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

y) Discontinued operations

The Company classifies lines of business that it has decided to discontinue and sell as discontinued operations. The revenues and expenses deriving from this activity are included as a single amount under profits from discontinued activities, after deducting the tax effect. This item also includes the profit after tax recognised for the measurement at fair value less costs to sell of the assets or disposal groups of items constituting the discontinued activity.

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

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

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

aa) Environmental issues

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

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred and, if required, the Group makes environmental provisions.

ab) Related party transactions

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

ac) Interest and dividends

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

Revenue from dividends generated on investments in equity instruments is recognised as profit or loss when the Group's right to receive payment is established.

4. BUSINESS COMBINATIONS

On 2 May 2011 ED SAS acquired all the shares of Erteco, SA and the associated company Bladis SAS from Carrefour SA. for Euros 40,000 thousand. This investment has been accounted for using the equity method (see note 10).

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

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

At the date of acquisition of the interest in Erteco, S.A., both companies were part of the Carrefour Group and therefore the operation was considered a transaction under common control. In accordance with EU-IFRS standards for combinations of businesses under common control, the Group has opted to measure the assets and liabilities of the acquired businesses at their carrying amount and have been recognised at this amount in the consolidated annual accounts of the Carrefour Group at the date of acquisition.

Consequently, the difference between the amount paid and the carrying amount of the net assets acquired was adjusted in equity attributed to the Parent company at the amount calculated as follows:

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

5. INFORMATION ON OPERATING SEGMENTS

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

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

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

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

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

Thousands of Euros at 31 December 2011	Segment 1 - Iberia -	Segment 2 - France-	Segment 3 - Emerging -	Consolidated
Sales (1)	4,947,068	2,356,859	2,475,546	9,779,473
Adjusted EBITDA (2)	413,747	88,512	56,153	558,412
% of sales	8.4%	3.8%	2.3%	5.7%
Non-current assets	1,133,513	748,730	324,067	2,206,310
Liabilities	1,753,535	895,963	555,469	3,204,967
Liabilities associated with assets held for sale	1,892	-	-	1,892
Acquisition of non-current assets	120,243	138,907	90,751	349,901
Investments in associates	-	61	-	61
Number of outlets	3,380	916	2,537	6,833

Thousand of Euros at 31 December 2010	Segment 1 - Iberia -	Segment 2 - France-	Segment 3 - Emerging -	Consolidated
Sales (1)	4,938,039	2,518,470	2,131,536	9,588,045
Adjusted EBITDA (2)	374,928	96,316	35,858	507,102
% of sales	7.6%	3.8%	1.7%	5.3%
Non-current assets	1,168,661	695,119	277,742	2,141,522
Liabilities	1,466,530	826,366	538,003	2,830,899
Liabilities associated with assets held for sale	2,547	-	-	2,547
Acquisition of non-current assets	111,791	116,105	62,145	290,041
Investments in associates	-	2,148	-	2,148
Number of outlets	3,305	936	2,132	6,373

(1) Sales eliminations arising from consolidation are included in segment 1
(2) Adjusted EBITDA = operating income before depreciation, amortisation and impairment, profit/(loss) on changes in fixed assets and other restructuring revenues and expenses included under "Operating expenses".

During 2011 transactions arose in respect of services rendered by the Parent company between segment 1 and 2 amounting to Euros 2,379 thousand (2010: Euros 83 thousand). During 2011 sales between segments 1 and 3 amounted to Euros 1,383 thousand (2010: Euros 4,830 thousand) and services rendered by the Parent company totalled Euros 10,337 thousand (2010: Euros 9,619 thousand).

Details of revenues and non-current assets, except for financial and tax-related assets, are as follows:

	Sales		Non-current assets	
Thousands of Euros at 31 December	**2011**	**2010**	**2011**	**2010**
Spain	4,140,622	4,116,224	813,322	855,265
Portugal	806,446	821,815	247,972	255,818
France	2,356,859	2,518,470	730,360	680,291
Argentina	695,547	559,481	79,195	63,936
Brazil	1,194,371	1,029,504	142,187	133,905
Turkey	412,073	381,257	57,657	55,515
China	173,555	161,294	15,991	12,545
Switzerland	-	-	195	-
Total	**9,779,473**	**9,588,045**	**2,086,879**	**2,057,275**

6. PROPERTY, PLANT AND EQUIPMENT

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

Thousands of Euros	Land	Buildings	Technical installations, machinery and other fixed assets	Total
Cost				
At 1 January 2010	**180,076**	**716,735**	**2,260,690**	**3,157,501**
Additions	799	30,360	248,856	280,015
Disposals	(954)	(7,974)	(251,861)	(260,789)
Transfers	1,502	12,869	(23,681)	(9,310)
Other movements	-	807	863	1,670
Translation differences	2,594	8,148	17,569	28,311
At 31 December 2010	**184,017**	**760,945**	**2,252,436**	**3,197,398**
Additions	1,807	32,200	300,180	334,187
Disposals	(1,014)	(10,059)	(238,622)	(249,695)
Transfers	1,208	23,107	(22,253)	2,062
Additions to the consolidated group	-	1,475	7,155	8,630
Other movements	-	(2)	(450)	(452)
Translation differences	(1,991)	(7,825)	(21,371)	(31,187)
At 31 December 2011	**184,027**	**799,841**	**2,277,075**	**3,260,943**
Depreciation				
At 1 January 2010	**-**	**(174,741)**	**(1,319,907)**	**(1,494,648)**
Amortisation and depreciation		(32,289)	(252,283)	(284,572)
Disposals	-	3,207	214,218	217,425
Transfers	-	5,395	3,491	8,886
Other movements	-	61	(65)	(4)
Translation differences	-	(545)	(8,240)	(8,785)
At 31 December 2010	**-**	**(198,912)**	**(1,362,786)**	**(1,561,698)**
Amortisation and depreciation	-	(32,359)	(239,474)	(271,833)
Disposals	-	5,610	221,665	227,275
Transfers	-	(5,960)	2,806	(3,154)
Additions to the consolidated group	-	(230)	(1,680)	(1,910)
Other movements	-	(126)	297	171
Translation differences	-	1,374	11,366	12,740
At 31 December 2011	**-**	**(230,603)**	**(1,367,806)**	**(1,598,409)**
Impairment				
At 1 January 2010	**-**	**(8,743)**	**(21,895)**	**(30,638)**
Allowance	-	(5,690)	(4,470)	(10,160)
Reversal	-	-	2,873	2,873
Other movements	-	-	(331)	(331)
Translation differences	-	(21)	(2)	(23)
At 31 December 2010	**-**	**(14,454)**	**(23,825)**	**(38,279)**
Allowance	-	(3,364)	(9,546)	(12,910)
Distribution	-	1,808	3,976	5,784
Reversal	-	5,123	2,400	7,523
Transfers	-	(609)	2,054	1,445
Translation differences	-	117	(254)	(137)
At 31 December 2011	**-**	**(11,379)**	**(25,195)**	**(36,574)**
Net carrying amount				
At 31 December 2011	**184,027**	**557,859**	**884,074**	**1,625,960**
At 31 December 2010	**184,017**	**547,579**	**865,825**	**1,597,421**

Additions for 2010 and particularly for 2011 primarily relate to the opening of stores in emerging countries, as well as extensions, improvements and refurbishments carried out to adapt these stores to the DIA MAXI and DIA MARKET formats.

Disposals for 2011 and 2010 primarily comprise items replaced as a result of the aforementioned improvements and disposals due to store closures. In Spain disposals of these assets amounted in 2011 to Euros 9,066 thousand and in 2010 to Euros 9,576 thousand. In France, in 2011 the disposals amounted to Euros 10,075 thousand and in 2010 were more significant as a result of the adaptation of ED-format stores to the DIA format amounting to Euros 20,559 thousand. Other disposals for 2011 and 2010 relate to store closures in France and the adaptation of stores in other countries in which the DIA Group operates.

In 2010 the Group re-estimated the useful lives of the assets of the ED-format stores adapted to the DIA format in France. The impact on depreciation in 2011 amounts to Euros 6,900 thousand corresponding to 169 stores with an average carrying amount of approximately Euros 41 thousand (2010: Euros 16,000 thousand).

The Group has written down the assets of certain CGUs to their value in use, with a net impact in Spain for 2011 of Euros 3,374 thousand and Euros 7,204 thousand in 2010 and for France in 2011 of Euros 1,612 thousand and Euros (2,577) thousand in 2010 (see note 20.5).

The cost of fully depreciated property, plant and equipment still in use at 31 December is as follows:

Thousands of Euros at 31 December	2011	2010
Buildings	25,065	14,653
Technical installations, machinery and other fixed assets	623,340	646,030
Total	**648,405**	**660,683**

Buildings include the amount of the Seville warehouse of Twins Alimentación S.A.U., which is subject to first-ranking mortgages to secure the Group's bank debt. (Note 16.1)

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

Finance leases

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

Thousands of Euros	2011	2010
Land	4,181	22,942
Cost	4,181	22,942
Buildings	3,526	24,196
Cost	5,174	39,476
Accumulated depreciation	(1,648)	(15,280)
Technical installations, machinery and other fixed asset	31	492
Cost	9,786	11,602
Accumulated depreciation	(9,755)	(11,110)
Net carrying amount	**7,738**	**47,630**

Finance leases are for certain commercial premises at which the principal activity of the Group is carried out. None of these premises are individually significant.

There have been no additions of property, plant and equipment resulting from acquisitions carried out through finance leases or hire purchase contracts during 2011 and 2010. The disposals recognised in 2011 relate to contracts of this nature which expired in Spain.

Interest incurred on finance leases totalled Euros 100 thousand in 2011 and Euros 735 in 2010.

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

Thousands of Euros	2011 Minimum payments	2011 Present value	2010 Minimum payments	2010 Present value
Less than one year	591	575	1,854	1,788
Two to five years	172	171	545	525
Total minimum payments and present value	**763**	**746**	**2,399**	**2,313**
Less current portion	(591)	(575)	(1,854)	(1,788)
Total non-current	**172**	**171**	**545**	**525**

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

Thousands of Euros	2011	2010
Minimum future payments	650	2,194
Purchase option	113	205
Unaccrued finance expenses	(17)	(86)
Present value	**746**	**2,313**

7. INTANGIBLE ASSETS

7.1. Goodwill

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

Thousands of Euros	SPAIN	FRANCE	PORTUGAL	TURKEY	TOTAL
Net goodwill at 01/01/2010	**219,356**	**134,214**	**39,754**	**20,617**	**413,941**
Disposals	-	(327)	-	-	(327)
Transfers	-	(29)	-	-	(29)
Translation differences	-	-	-	850	850
Net goodwill at 31/12/2010	**219,356**	**133,858**	**39,754**	**21,467**	**414,435**
Additions	-	7,481	-	-	7,481
Disposals	(368)	(947)	-	-	(1,315)
Transfers	(477)	629	-	-	152
Provision for impairment	-	(2,607)	-	-	(2,607)
Additions to the consolidated group	-	1,681	-	-	1,681
Translation differences	-	-	-	(3,284)	(3,284)
Net goodwill at 31/12/2011	**218,511**	**140,095**	**39,754**	**18,183**	**416,543**

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

- In Spain: the business combinations arising from the acquisition of Plus Supermercados S.A. for Euros 160,553 thousand in 2007, and the acquisition of Distribuciones Reus, S.A. for Euros 26,480 thousand in 1991.
- In France: the business combinations arising from the acquisition of Penny Market, S.A for Euros 67,948 thousand in 2005, and the acquisition of Sonnenglut/Treff Marché for Euros 10,510 thousand in 2003.
- The remaining goodwill generated in Spain and France arose from various acquisitions of stores and group of stores.
- In Portugal: the business combination arising from the acquisition of Companhia Portuguesa de Lojas de Desconto,S.A. for Euros 39,754 thousand in 1998.

- In Turkey: the acquisition of Endi Tüketim Mallari Ticaret Ve Sanayi Anonim Sirketi for Euros 18,183 thousand in 2006.

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

Disposals for 2011 in France are due to the cancellation of goodwill associated with stores that were closed during 2011 which derived from ED Est SNC, which merged with ED SAS in 2010.

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

In 2011 the Group recognised an impairment loss of Euros 2,607 thousand in relation to the French stores forecast for closure in 2012 (see note 20.5).

For impairment testing purposes, goodwill has been allocated to the group of cash generating units of the DIA Group in line with the country of operation.

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

The Group used the following main assumptions 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%

(1) Weighted average annual growth rate of sales for the five years projected

(2) Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.

(3) Discount rate before tax applied to cash flow projections.

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

The Group has determined the budgeted weighted average growth rate of sales based on past experience and forecast market performance. The growth of sales in the European countries (Spain, France and Portugal) reflects the continuation and acceleration of the policy to refurbish stores in the new DIA Market and DIA Maxi store formats, which has generated a significant increase in sales. In Turkey, for which the cash forecast has been prepared in local currency, the major growth forecast is due to the acceleration of the rate of new store openings which began in 2010 and will continue in the coming years with an ever-higher number of openings.

In accordance with the assumptions used to forecast cash flows the gross margin will remain stable throughout the budgeted period and therefore it is the rise in sales that will generate the increase in projected cash flows.

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 and are calculated by weighting the cost of equity with 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 credit default swap differential at five years (CDS) of each country where the Group operates and the differential applicable to Spain.

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

Additionally, for this analysis and for all the other countries, the assumptions used to calculate value in use are as follows:

	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%

7.2. Other intangible assets

Details of other intangible assets and movements are as follows:

Thousands of Euros	Industrial property	Leaseholds	Computer software	Other intangible assets	Total
Cost					
At 1 January 2010	**77**	**41,543**	**22,412**	**18,833**	**82,865**
Additions	-	4,529	5,382	115	10,026
Disposals	-	(7,232)	(785)	(126)	(8,143)
Transfers	-	564	298	(348)	514
Translation differences	-	-	57	314	371
At 31 December 2010	**77**	**39,404**	**27,364**	**18,788**	**85,633**
Additions	-	263	7,535	435	8,233
Disposals	-	(1,412)	(7,107)	(37)	(8,556)
Transfers	(5)	5,558	155	(1,052)	4,656
Additions to the consolidated group	-	159	37	-	196
Translation differences	-	-	(136)	(293)	(429)
At 31 December 2011	**72**	**43,972**	**27,848**	**17,841**	**89,733**
Depreciation					
At 1 January 2010	**(7)**	**(16,576)**	**(17,179)**	**(3,789)**	**(37,551)**
Amortisation and depreciation	-	(2,147)	(4,561)	(1,041)	(7,749)
Disposals	-	6,796	759	56	7,611
Transfers	-	-	(61)	-	(61)
Other movements	-	-	1	4	5
Translation differences	-	-	(88)	(33)	(121)
At 31 December 2010	**(7)**	**(11,927)**	**(21,129)**	**(4,803)**	**(37,866)**
Amortisation and depreciation	-	(1,039)	(5,052)	(860)	(6,951)
Disposals	-	410	7,095	36	7,541
Transfers	(65)	(5,507)	150	248	(5,174)
Additions to the consolidated group	-	-	(20)	-	(20)
Translation differences	-	-	94	114	208
At 31 December 2011	**(72)**	**(18,063)**	**(18,862)**	**(5,265)**	**(42,262)**
Impairment					
At 1 January 2010	**-**	**-**	**-**	**(1,635)**	**(1,635)**
Allowance	-	-	-	(713)	(713)
At 31 December 2010	**-**	**-**	**-**	**(2,348)**	**(2,348)**
Allowance	-	(1,089)	-	(110)	(1,199)
Distribution	-	235	-	-	235
Reversal	-	196	-	8	204
Transfers	-	(2,094)	(6)	2,113	13
At 31 December 2011	**-**	**(2,752)**	**(6)**	**(337)**	**(3,095)**
Net carrying amount					
At 31 December 2011	**-**	**23,157**	**8,980**	**12,239**	**44,376**
At 31 December 2010	**70**	**27,477**	**6,235**	**11,637**	**45,419**

The additions to computer software primarily reflect the investments in Spain due to the acquisition of licences as a result of the spin-off from the Carrefour Group, and in France due to the implementation of several projects, in amounts of Euros 7,055 thousand in 2011 and Euros 5,244 thousand in 2010. Additions to key money in 2010 primarily related to the opening of new stores in France in an amount of Euros 4,529 thousand. Additions for 2011 were not significant.

As indicated previously, the DIA Group has recognised an impairment loss on assets measured at fair value, adjusting its intangible assets by net amounts of Euros 61 thousand and Euros 934 thousand in Spain and France, respectively, in 2011 (2010: Euros 290 thousand in Spain and Euros 423 thousand in France). These impairment losses have been, included in the income statement under amortisation, depreciation and impairment (see note 20.5).

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

Thousands of Euros	2011	2010
Computer software	11,708	14,360
Leaseholds and other	2,633	2,273
Total	**14,341**	**16,633**

8. OPERATING LEASES

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

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

At 31 December 2011 details of the main operating lease contracts for property are as follows:

Warehouse	Country	Minimum lease period	Warehouse	Country	Minimum lease period
Getafe	SPAIN	2017	Fengshujinda	CHINA	2013
Mallén	SPAIN	2023	Taipingyang	CHINA	2012
Manises	SPAIN	2016	Toyota	CHINA	2011
Mejorada del Campo	SPAIN	2018	Le Plessis	FRANCE	2012
Miranda	SPAIN	2016	Saint Quentin	FRANCE	2020
Orihuela	SPAIN	2023	Dambach	FRANCE	2019
Sabadell	SPAIN	2022	Macon	FRANCE	2015
San Antonio	SPAIN	2023	Boisseron/Lunel	FRANCE	2016
Tarragona	SPAIN	2018	Louviers	FRANCE	2015
Villanubla	SPAIN	2019	Anhanghera	BRAZIL	2011
Albufeira	PORTUGAL	2012	Guarulhos	BRAZIL	2012
Ourique	PORTUGAL	2014	Americana	BRAZIL	2015
Loures	PORTUGAL	2014	Porto Alegre	BRAZIL	2012
Torres Novas	PORTUGAL	2015	Izmir	TURKEY	2013
Grijó	PORTUGAL	2012	Adana	TURKEY	2015
Campana	ARGENTINA	2012	Ankara	TURKEY	2012

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

Thousands of Euros	2011	2010
Minimum lease payments, property	308,502	282,178
Minimum lease payments, furniture and equipment	8,933	8,768
Sublease payments	(52,975)	(28,825)
Total	**264,460**	**262,121**

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

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

Thousands of Euros	2011	2010
Less than one year	158,631	160,592
One to five years	245,565	190,701
Over five years	149,835	162,365
Total	**554,031**	**513,658**

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

Thousands of Euros	2011	2010
Less than one year	11,679	11,489
One to five years	15,753	25,604
Over five years	222	1,202
Total	**27,654**	**38,295**

9. FINANCIAL ASSETS

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

Thousands of Euros	2011	2010
Non-current assets		
Non-current financial assets	57,668	51,665
Consumer loans from finance companies	1,973	3,191
Current assets		
Trade and other receivables	191,254	178,983
Consumer loans from finance companies	5,364	5,634
Other current financial assets	18,981	21,615
TOTAL	**275,240**	**261,088**

9.1. Consumer loans by finance companies

The balances relate to loans given by group company FINANDIA EFC to individual residents in Spain calculated at amortised cost, which does not differ from fair value.

The effective interest rate of credit card receivables ranged from 0% for customers who pay cash to a variable nominal rate of 2.16% per month in 2011. This rate may be revised for the revolving credit based on the interest rate published by the European Central Bank on the last working day of the previous calendar quarter as the average interbank rate for 3-month non-transferable deposits made in the money market plus a spread. The interest rate for 2010 was established between 0% (cash) and 2.18% per month.

Interest and similar income from these assets recognised in the consolidated income statement amounted to Euros 1367 thousand at 31 December 2011 (2010: Euros 1,695 thousand).

9.2. Trade and other receivables

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

Thousands of Euros	2011	2010
Trade receivables	206,244	165,617
Receivables from group companies	4,279	26,536
Total trade and other receivables	**210,523**	**192,153**
Less current portion	191,254	178,983
Total non-current	**19,269**	**13,170**

a) Trade receivables

Trade receivables primarily comprise current trade credit for puchases of goods made by the Group's franchises, with an average collection period of between 2 and 10 days. This item also includes non-current loans deriving from the financing extended by the Group to its franchisees. This amount is presented at its present value, having generated revenues included in the consolidated income statement amounting to Euros 1,053 thousand in 2011 and Euros 111 thousand in 2010.

The Group has factoring facilities which amounted to Euros 10,642 at 31 December 2011 (2010: Euros 6,900 thousand), having drawn down an amount of Euros 10,000 thousand in 2011 (2010: Euros 4,600 thousand).

b) Receivables from group companies

In 2011 this item comprises balances receivable from the French companies and their associates and from Bladis SAS, while in 2010 it included the Euros 17,052 thousand loan extended by the Group to Carrefour World Trade and the Euros 9,484 thousand loan extended to DIA Grecia, A.E. These entities no longer formed part of the Group in 2011 due to the spin-off from the Carrefour Group.

c) Impairment

At 31 December 2011, full provision was made for trade receivables initially amounting to Euros 24,124 thousand (2010: Euros 15,318 thousand). Movements in the provision for impairment of receivables (see other disclosures on credit risk in note 23) are as follows:

Thousands of Euros	2011	2010
At 1 January	**(15,318)**	**(11,338)**
Charge	(21,731)	(6,877)
Applications	2,016	-
Reversals	13,909	2,991
Transfers	(1,876)	-
Translation differences	310	(94)
Additions to the consolidated group	(24)	-
Closing balance at 31 December	**(22,714)**	**(15,318)**

9.3. Other current and non-current financial assets

Details of financial assets are as follows:

Thousands of Euros	2011	2,010
Guarantees	35,580	34,366
Equity instruments	1,310	2,922
Loans to personnel	3,568	4,880
Other loans	1,422	174
Receivables on disposal of fixed assets	-	12
Derivatives	239	-
Other assets	15,261	17,756
Total other financial assets	**57,380**	**60,110**
Less current portion	18,981	21,615
Total	**38,399**	**38,495**
Trade receivables > 1 year (note 9.2)	19,269	13,170
Total non-current financial assets	**57,668**	**51,665**

Guarantees include the amounts pledged to lessors as collateral for the lease contracts taken out with them. These amounts are shown at present value, and any difference with their nominal value is recognised as current or non-current prepayments. The revenues included in the consolidated income statement from these assets in 2011 amounted to Euros 468 thousand (2010: Euros 534 thousand).

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

Other assets include, inter alia, insurance claims receivable for accidents and the balance receivable from suppliers and other debtors due to the redemption of promotional vouchers and means of payment accepted at stores.

Derivatives comprise the assets generated from the use of forward contracts in foreign currency to hedge the currency risk on dollar purchases of inventories. At 31 December 2011, effective cash flow hedges represent a net unrealised gain of Euros 167 thousand and in 2010 a net loss of Euros 20 thousand. The corresponding deferred taxes are included in the consolidated statements of comprehensive income.

10. OTHER EQUITY-ACCOUNTED INVESTEES

On 2 May 2011 ED SAS acquired all the shares of Erteco, SA and its subsidiary Bladis SAS from Carrefour SA.. This investment has been accounted for using the equity method since that date. At 31 December 2010 Proved SAS and Voiron Distribución (solely owned by the former) were accounted for using the equity method, while at 31 December 2011 they are fully consolidated, as the Group assumed control over these companies on 1 January 2011 (see notes 2.1 and 4).

Movement in equity-accounted investees during 2011 and 2010 is as follows:

Thousands of Euros	2011	2010
Balance at 1 January	**108**	**708**
Share in profit/(loss)	870	(600)
Additions to the consolidated group	2,596	-
Dividends distributed	(1,867)	-
Outflow due to change in consolidation method	(108)	-
Balance at 31 December	**1,599**	**108**

The key economic indicators presented by Bladis SAS in 2011 and Proved SAS and Voiron Distribución in 2010 are as follows:

Thousands of Euros	2011	2010
Assets	22,852	9,896
Net equity	1,053	215
Sales	108,688	36,403
Profit/(loss) for the year	4,097	(1,200)

11. OTHER ASSETS

Details of other assets are as follows:

Thousands of Euros	2011 Current	2010 Current
Prepayments for operating leases	6,948	7,086
Prepayments for guarantees	507	491
Other prepayments	6,645	3,520
Total other assets	**14,100**	**11,097**

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

"Prepayments for guarantees" comprise lease deposits recognised at their present value (see note 9.3).

"Other prepayments primarily" relate to insurance premiums. The increase in 2011 is due to the new contracts entered into after the spin-off from the Carrefour Group.

12. INVENTORIES

Details of inventories are as follows:

Thousands of Euros	2011	2010
Goods for resale	518,392	535,465
Other supplies	3,534	3,838
Total inventories	**521,926**	**539,303**

At 31 December 2011 and 2010 no limitations existed on the availability of any item of inventory.

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

13. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

Thousands of Euros	2011	2010
Cash and current account balances	137,348	167,103
Cash equivalents	152,595	149,739
Total	**289,943**	**316,842**

Balances in current accounts accrue interest at applicable market rates. Current investments are made for daily, weekly and monthly periods and generate interest at different rates by country which range from 0.91% to 4% in 2011 and from 1.25% to 2.5% in 2010.

14. DISPOSAL GROUPS OF ASSETS HELD FOR SALE

On 9 January 2008, the Group recognised certain assets and liabilities as held for sale of Twins Alimentación, S.A. and Pe-tra, servicios a la distribución, S.L. based on the agreements reached by the Management Committee. Practically all these items were disposed of during the period from 2008 to 2011.

Details of these assets and liabilities classified as held for sale are as follows:

Thousands of Euros	2011	2010
Technical installations and machinery	161	617
Other property, plant and equipment	-	7
Total property, plant and equipment	**161**	**624**
Impairment losses	(161)	(624)
Carrying amount	**-**	**-**
Provisions for onerous contracts	**(1,892)**	**(2,547)**

Disposals of these items during 2011 have not incurred any net loss, while the net loss on disposals during 2010 amounted to Euros 315 thousand.

At 31 December 2011 these assets have a carrying amount of zero as have been fully impaired.

Provisions of Euros 655 thousand and Euros 1,732 thousand were applied in 2011 and 2010, respectively.

15. EQUITY

15.1. Capital

On 25 March 2011, Norfin Holder, S.L., the Parent company's sole owner, approved an increase in the capital of DIA of Euros 64,034,810.83 with a charge to the share premium. As a result, the share capital of DIA totalled Euros 67,933,600, represented by 679,336,000 ordinary shares of Euros 0.10 par value each. This share capital increase was carried out with a charge to the share premium.

As mentioned in note 1, on 5 July 2011 the Parent company's shares were listed on the Spanish stock exchanges. In accordance with the public information registered with the Spanish Securities Market Commission, the members of the board of directors or related companies controlled approximately 0.018% of the Parent company's share capital at the date of authorising these consolidated annual accounts for issue.

At 31 December 2011 the most significant investments in the Parent company's share capital reflected in the public information registered in the Spanish Securities Market Commission are as follows:

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

The shares are subscribed and fully paid up and there are no restrictions on their free transferability.

Nevertheless, the prospectus issued for the flotation of the Parent 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 agreed not to sell their shares in the Parent 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 Parent company.

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

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

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

Like other groups in the sector, the DIA Group controls its capital structure on a debt ratio basis. This ratio is calculated as net debt divided by total capital. Net debt is the sum of borrowings plus trade and other payables, less cash and cash equivalents. Total capital is the sum of equity plus net debt.

Until the spin-off from the Carrefour Group, the sole shareholder of the DIA Group approved the distribution of extraordinary dividends with a charge to the share premium and voluntary reserves of the Parent company in 2011 and with a charge to the voluntary reserves of the Parent company in 2010; and consequently the debt ratio has significantly increased.

Ratios in 2011 and 2010 are calculated as follows:

Thousands of Euros	2011	2010
Total borrowings	865,802	568,453
Less: cash and cash equivalents	(289,943)	(316,842)
Net debt	575,859	251,611
Net equity	104,616	422,489
Total capital	680,475	674,100
Debt ratio	**84.63%**	**37.33%**

15.2. Share premium

In 2004, a share premium of Euros 847,736 thousand was recognised on a capital increase that was subscribed and fully paid by the French company Erteco SAS, through a non-monetary contribution of 39,686 shares representing 100% of its investment in another French company, ED SAS, measured at fair value in the annual accounts of the Parent company.

As indicated above, the share premium was reduced by Euros 64,034,810.83 following the decision of the Parent company's sole owner to increase capital with a charge to this reserve before the spin-off from the Carrefour Group. At 31 December 2011 the reserve stands at Euros 618,157 thousand, having been reduced by Euros 166,341 thousand following the distribution of extraordinary dividends on 23 June 2011.

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

15.3. Reserves and retained earnings

Details of reserves and retained earnings are as follows:

Thousands of Euros	2011	2010
Legal reserve	780	780
Goodwill reserve	5,666	3,826
Other reserves	(655,414)	(570,002)
Profit/(loss) attributable to equityholders of the parent	98,462	122,149
Total	**(550,506)**	**(443,247)**

The legal reserve of the Parent company has been provided for in compliance with 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.

Other reserves include the Euros 62.07 reserve for redenomination of share capital to Euros. This non-distributable reserve is a result of the share capital decrease in 2001 when the value of each share was converted to Euros, rounded off to two decimals. This reserve also includes the amounts recognised that derive from the Carrefour, S.A. share contributions to cover the obligations arising in connection with the equity-settled share-based payment transactions, with no consideration paid by Carrefour, S.A. until 5 July 2011, recognised as described in note 19 following the spin-off from Carrefour, S.A.. In 2010 these amounts were included under other equity holder contributions.

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

At 31 December 2011 the voluntary reserves and share premium of the Parent company are freely distributable.

15.4. Other own equity instruments

a) 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 Parent 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 Parent Company holds 13,500,984 own shares with an average purchase price of Euros 2.90 per share.

On 21 December 2011 the Parent company signed an equity swap contract with Société Générale whereby the latter agreed 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.

b) Other instruments

Other own equity instruments also include the obligations arising from the transactions with share based payments of the Parent company settled in equity instruments following the approval by the board of directors of a long-term incentive plan for 2011-2014 and a multi annual variable remuneration plan for its management personnel the final draft of which has yet to be prepared and published (see note 19).

15.5. Dividends paid and proposed

Details of dividends paid are as follows:

Thousands of Euros	2011	2010
Dividends on ordinary shares:	368,600	532,000
Dividend 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 Parent 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 of the Parent company. On 20 December 2010, the sole shareholder approved the distribution of a an extraordinary dividend of Euros 452,000 thousand with a charge to the reserves and retained earnings of the Parent company.

The distribution of Parent company profit for 2011, prepared by the directors to be proposed to the shareholders at their annual general meeting, is as follows:

Basis of allocation	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.

15.6. Earnings per Share

Basic earnings per share are calculated by dividing net profit for the year attributable to the Parent company by the weighted average number of ordinary shares outstanding during the period, which remained unchanged at 648,717 shares in 2010 but rose to 679,336,000 in 2011 due to the share increase detailed in note 16.1.

Basic and diluted earnings per share (Euros)	2011	2010
Average number of shares	**674,804,940**	**679,336,000**
Profit / (loss) for the period in thousands of Euros	98,462	122,149
Profit / (loss) per share in Euros	0.15	0.18

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

	Weighted average ordinary shares in circulation at 31/12/2011	Ordinary shares at 31/12/2011	Weighted average ordinary shares in circulation at 31/12/2010	Ordinary shares at 31/12/2010
Total shares issued (*)	679,336,000	679,336,000	679,336,000	679,336,000
Own shares	(4,531,060)	(13,500,984)	-	-
Total shares available and diluted	**674,804,940**	**665,835,016**	**679,336,000**	**679,336,000**

(*) Retroactive adjustment, in accordance with accounting legislation.

There are no equity instruments that could have a dilutive effect on earnings per share. Therefore, diluted earnings per share are equal to basic earnings per share.

15.7. Non-controlling interests

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

	Non-controlling interests			
Thousands of Euros	**Diasa DIA Sabanci Supermarketleri Ticaret, A.S.**	**Proved, SAS**	**Dia Hellas, A.E.**	**Total**
At 1 January 2010	**(4,171)**	**-**	**(2,071)**	**(6,242)**
Profit/(loss) for the year	(3,576)	-	(1,679)	(5,255)
Other comprehensive income for the year, net of tax	(47)	-	-	(47)
Addition to the consolidated group	-	-	3,750	3,750
At 31 December 2010	**(7,794)**	**-**	**-**	**(7,794)**
At 1 January 2011	**(7,794)**	**-**	**-**	**(7,794)**
Profit/(loss) for the year	(3,236)	(852)	-	(4,088)
Other comprehensive income for the year, net of tax	1,539	-	-	1,539
Issue of share capital	16,093	-	-	16,093
Addition to the consolidated group	-	94	-	94
At 31 December 2011	**6,602**	**(758)**	**-**	**5,844**

16. FINANCIAL LIABILITIES

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

Thousands of Euros	2011	2010
Non-current liabilities		
Non-current borrowings	599,656	27,994
Current liabilities		
Current borrowings	266,146	540,459
Trade and other payables	1,780,233	1,726,110
Refinancing of consumer loans	-	480
Other financial liabilities	178,287	208,190
Total financial liabilities	**2,824,322**	**2,503,233**

16.1. Borrowings

Details of borrowings are as follows:

Thousands of Euros	2011	2010
Bank loan	589,682	4,301
Mortgage loan	5,604	7,506
Finance lease payables	171	525
Guarantees and deposits received	4,182	3,440
Other payables to group companies	-	12,217
Other non-current borrowings	17	5
Total non-current borrowings	**599,656**	**27,994**
Bank loan	247,875	169
Mortgage loans	1,771	1,691
Credit facilities drawn down	10,220	28,985
Finance lease payables	575	1,788
Guarantees and deposits received	4,667	667
Other payables to group companies	-	507,159
Other current borrowings	1,038	-
Total current borrowings	**266,146**	**540,459**

On 13 May 2011 the Parent 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 Parent 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 Parent 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 Parent company received Euros 865,000 thousand of this financing for the main purpose of repaying at that date borrowings from different 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 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

In 2011 other current and non-current payables to group companies have been cancelled as a result of the spin-off from the Carrefour group, and no balance exists for this item because all debts between group companies are eliminated on consolidation. In 2010 non-current borrowings - other payables to group companies primarily comprise the current accounts extended by the various Carrefour China companies to the DIA Group companies in that country. Current payables to these group companies bear interest at market rates. Current borrowings – other payables to group companies mainly comprise Carrefour Finance, S.A.'s current accounts with the DIA Group, which bore interest at market rates. This item also includes the Euros 200,000 thousand loan extended to the Parent company by this company on 21 December 2010, which bore interest at an annual rate of 2.018% (six-month Euribor + 0.75%) and fell due in six months.

The mortgage loan includes two agreements relating to a building owned by the subsidiary Twins Alimentacion, S.A. which has a carrying amount of Euros 10,586 thousand at 31 December 2011 (Euros 10,883 thousand in 2010). These loan agreements include annual nominal interest at fixed market rates of 6.250%.and 5.070% and mature in 2013 and 2019, respectively.

At 31 December 2011 the Group has credit policies with a credit limit of Euros 241,238 thousand (2010: Euros 270,300 thousand), of which Euros 10,220 thousand had been drawn down at that date (2010: Euros 28,985 thousand). The credit facilities contracted by the Group in 2011 and 2010 accrued interest at market rates.

The maturities of borrowings are as follows:

Thousands of Euros	2011	2010
Less than one year	266,146	540,459
One to two years	69,892	9,185
Three to five years	521,712	12,207
Over five years	8,052	6,602
Total	**865,802**	**568,453**

16.2. Trade and other payables

Details of trade and other payables are as follows:

Thousands of Euros	2011	2010
Suppliers	1,625,886	1,534,101
Suppliers, group companies	-	5,356
Trade payables	150,132	180,314
Trade payables, Group companies	4,215	6,339
Total other liabilities	**1,780,233**	**1,726,110**

Suppliers and trade payables essentially include the current payables to suppliers of goods and services, including those carried out through accepted giro bills and promissory notes.

Trade and other payables do not bear interest.

In 2011 payables to group companies comprise the balance payable by ED SAS to Bladis SAS, while in 2010 this balance reflected the balance payable by the Parent company to Carrefour, S.A.

At 31 December 2011 the Group has reverse factoring facilities with a limit of Euros 566,893 thousand (2010: Euros 773,600 thousand), of which Euros 337,221 thousand had been used (2010: Euros 240,300 thousand).

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

	Payments made or outstanding at the balance sheet date			
	2011		2010	
Thousands of Euros	Amount	%*	Amount	%*
** Within the maximum legal period	3,161,425	91.52%		
Other	292,993	8.48%		
Total payments for the year	3,454,418	100%		
Weighted average period by which payments are past due (in days)	28.70			
Late payments exceeding the maximum legal period at the end of the period	22,134		50,871	

* Percentage of total

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

16.3. Other financial liabilities

Details of other financial liabilities are as follows:

Thousands of Euros	2011	2010
Personnel	92,718	94,260
Suppliers of fixed assets	78,995	83,221
Other current liabilities	6,574	30,709
Total other liabilities	**178,287**	**208,190**

16.4. Fair value estimates

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

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

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

17. PROVISIONS

Details of inventories are as follows:

Thousands of Euros	Provisions for long-term employee benefits under defined benefit plans	Taxes, legal contingencies and social security contributions	Other provisions	Total provisions
At 1 January 2010	**5,546**	**167,335**	**3,314**	**176,195**
Translation differences	12	876	65	**953**
Charge	791	34,367	1,819	**36,977**
Applications	(1,430)	(18,627)	(722)	**(20,779)**
Reversals	(16)	(7,913)	(984)	**(8,913)**
At 31 December 2010	**4,903**	**176,038**	**3,492**	**184,433**
At 1 January 2011	**4,903**	**176,038**	**3,492**	**184,433**
Translation differences	(60)	(707)	(108)	**(875)**
Charge	1,650	29,576	5,324	**36,550**
Applications	(653)	(42,017)	(1,162)	**(43,832)**
Reversals	(664)	(6,180)	(99)	**(6,943)**
Transfers	-	(156)	156	**-**
Additions to the consolidated grou	193	-	31	**224**
Other movements	59	(1,307)	666	**(582)**
At 31 December 2011	**5,428**	**155,247**	**8,300**	**168,975**

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

The Parent company has undertaken certain commitments to its current employees in the form of pension plans and long-service bonuses, which amounted to Euros 793 thousand and Euros 766 thousand, respectively, in 2011 and 2010. Euros 297 thousand and Euros 264 thousand were externalised in 2011 and 2010, respectively, as required by Spanish legislation. Additionally, France and Turkey have undertaken similar commitments with their employees in 2011 and 2010 in amounts of Euros 4,635 thousand and Euros 4,137 thousand.

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

Thousands of Euros	2011	2010
Current service cost	(185)	(889)
Past service cost	396	-
Finance expenses	340	279
Expected return on financial assets	(11)	(11)
Other	(126)	(32)
Total expenses (revenues)	**414**	**(653)**

The principal actuarial assumptions used have been as follows:

Assumptions	2011	2010
Retirement age	58-65	58-65
Salary growth rate	from 2.5% to 5%	from 2.5% to 3%
Discount rate	from 4% to 5%	from 4% to 4.5%

Liabilities recognised for defined benefit pension plans are as follows:

Thousands of Euros	2011	2010
Defined benefit pension plans	7,735	7,142
Unrecognised actuarial adjustments	(2,010)	(1,975)
Fair value of outstanding assets	(297)	(264)
Total provision	**5,428**	**4,903**

The movements in the consolidated statement of financial position are as follows:

Thousands of Euros	Amount
Provision at 1 January 2010	**5,546**
Impact on profit / (loss)	(653)
Translation differences	10
Provision at 31 December 2010	**4,903**
Impact on profit / (loss)	414
Translation differences	(54)
Additions to the consolidated group	193
Other movements	(28)
Provision at 31 December 2011	**5,428**

Changes in the fair value of defined benefit plan assets are as follows:

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

17.2. Taxes, legal contingencies and social security contributions

This provision mainly comprises risks deriving from tax inspections and at 31 December 2011 amounted to Euros 134,489 thousand (31 December 2010: Euros 159,359 thousand).

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

In 2010 the Parent company recognised a provision for the additional tax assessment raised, including the financial effect corresponding to the income tax for the period 2004-2006, which amounted to Euros 11,934 thousand. The Parent company also recognised a provision for the additional tax assessment raised for 2007 amounting to Euros 3,859 thousand.

Provisions applied during 2011 include Euros 15,893 thousand paid in respect of litigation resulting from the rounding-off of VAT to Euro decimals in ED SAS. The Group has also settled additional income tax assessments of Euros 18,190 thousand for 1993, 1994,1997 and 2007 corresponding to the Parent company. This amount includes the associated finance expenses. The Parent company has also paid additional VAT assessments of Euros 4,684 thousand for 1995 and 1996.

17.3. Other provisions

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 19).

18. TAX ASSETS AND LIABILITIES AND INCOME TAX

Details of tax assets and liabilities at 31 December are as follows:

Thousands of Euros	2011	2010
Deferred tax assets	58,191	29,283
Taxation authorities, VAT	29,820	29,258
Taxation authorities	11,953	9,134
Current income tax assets	19,932	-
Total tax assets	**119,896**	**67,675**
Deferred tax liabilities	85,614	10,377
Taxation authorities, VAT	37,863	35,520
Taxation authorities	79,450	71,300
Current income tax liabilities	6,851	23,489
Total tax liabilities	**209,778**	**140,686**

During 2011 the Spanish companies Distribuidora Internacional de Alimentación, S.A., Finandia, EFC S.A., Twins Alimentación, S.A. and Pe-tra, servicios a la distribución, S.L. filed individual tax returns following the spin-off of the DIA Group from the Carrefour group, and therefore from the tax group headed by Norfin Holder, S.L.

All the French subsidiaries, except for Erteco SAS, filed a consolidated tax return in 2011. As Erteco SAS was acquired by ED SAS on 2 May 2011, and therefore filed an individual tax return for the year. For the rest of the subsidiaries, the tax assessment basis is determined individually. Filing consolidated tax returns requires that the group of companies making up the tax group be considered, for all purposes, as a single taxable entity.

The tax rates applicable to each company are as follows:

DIA Spain, Finandia, Twins and Petra	30%
DIA Portugal	29.27%
DIA Turkey	20%
DIA Argentina	35%
DIA Brazil	34%
DIA China Consulting	25%
JV Shanghai	25%
JV Beijing	25%
ED SAS	34.43%

Details of the income tax expense are as follows:

Thousands of Euros	2011	2010
Current income taxes		
Current year	36,143	60,482
Provisions for tax risk	1,237	23,228
Prior years' current income taxes	1,061	3,910
Total current income taxes	**38,441**	**87,620**
Deferred taxes		
Source of taxable temporary differences	169,461	3,622
Source of deductible temporary differences	(124,848)	(10,784)
Reversal of taxable temporary differences	(4,901)	(3,240)
Reversal of deductible temporary differences	5,296	9,988
Changes in the consolidated group	-	-
Total deferred taxes	**45,008**	**(414)**

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

Thousands of Euros	2011	2010
Profit for the year before taxes from continuing operations	177,823	124,760
Share in profit/(loss) for the year of equity accounted investees	(870)	600
Profit for the year before tax	176,953	125,360
Tax calculated at the tax rate of each country	54,102	37,646
Unrecognised tax credits	19,706	5,017
Non-taxable income	(12,216)	(12,814)
Non-deductible expenses	9,582	31,710
Deductions and credits for the current year	(408)	(434)
Adjustments for prior years	1,061	3,910
Adjustments for prior years - deferred taxes	9,013	-
Offset of non-capitalised tax losses	(2,569)	(1,057)
CVAE (France)	4,446	-
Unrecognised deferred taxes	(505)	-
Income tax expense	82,212	63,978
Charge (reversal) tax risk provision	1,237	23,229
Total income tax	**83,449**	**87,207**

Pursuant to article 9 of Royal Decree-law 9/2011 of 19 August, concerning measures to improve the quality and cohesion of the national health system, contributions to fiscal consolidation and provisions to increase the maximum amount of State guarantees for 2011 effective for years commencing in 2011, 2012 and 2013, the tax loss carryforwards of the Group's Spanish companies may be offset up to a limit of 50% of the tax base prior to the application of these losses. For the same periods, the maximum annual deduction of goodwill is limited to of 1% of total goodwill.

Deferred tax

Deferred tax assets and liabilities and movement therein are as follows:

DEFERRED TAX ASSETS

Thousands of Euros	1 Jan 2010	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Net equity Disposals	Exchange gains/losses	31/12/2010
Provisions	10,982	-	-	8,920	(1,342)	453	(140)	-	18,873
Onerous contracts	1,357	-	-	-	(593)	-	-	-	764
Share-based payments	3,484	-	-	1,103	(1,134)	-	(205)	-	3,248
Other remuneration	7,201	-	-	483	(245)	2	-	-	7,441
Loss carryforwards	24,008	-	-	799	(5,827)	-	-	-	18,980
Other	12,956	-	-	1,243	(848)	397	-	-	13,749
Total non-current deferred tax asset	**59,988**	**-**	**-**	**12,548**	**(9,988)**	**852**	**(345)**	**-**	**63,055**
Reclassified deferred tax expense	**-**	**-**	**-**	**(1,765)**	**-**	**-**	**-**	**-**	**-**

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

DEFERRED TAX LIABILITIES

Thousands of Euros	1 Jan 2010	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Net equity Disposals	Exchange gains/losses	31/12/2010
Goodwill	9,437	-	-	-	-	-	-	-	9,437
Amortisation and depreciation	14,079	-	-	503	(377)	-	-	-	14,205
Inmobiliaria Erteco transactions	7,854	-	-	2,072	(966)	-	-	-	8,960
Provision for volume discounts	2,939	-	-	349	(818)	-	-	-	2,470
CVAE tax impact	5,660	-	-	-	-	-	-	-	5,660
Other	3,258	-	-	698	(1,079)	555	(15)	-	3,417
Total non-current deferred tax liabilities	**43,227**	**-**	**-**	**3,622**	**(3,240)**	**555**	**(15)**	**-**	**44,149**

Thousands of Euros	1 Jan 2011	Adjustments	Adjustments to tax rate	Profit/(loss) Additions	Profit/(loss) Disposals	Net equity Additions	Net equity Disposals	Exchange gains/losses	31/12/2011
Goodwill	9,437	(8,485)	-	63,623	-	-	-	-	64,575
Amortisation and depreciation	14,205	14,156	26	23,446	(562)	18	(1,358)	74	50,005
Inmobiliaria Erteco transactions	8,960	(8,960)	-	-	-	-	-	-	-
Provision for volume discounts	2,470	-	-	-	-	-	(2,353)	(117)	-
Portfolio provisions	-	-	-	81,551	-	-	-	-	81,551
CVAE tax impact	5,660	-	-	-	(2,734)	-	-	-	2,926
Other	3,417	3,289	2	813	(1,605)	36	(114)	128	5,966
Total non-current tax liabilities	**44,149**	**-**	**28**	**169,433**	**(4,901)**	**54**	**(3,825)**	**85**	**205,023**

A reconciliation of details of deferred tax assets and liabilities with deferred tax recognised in the statement is as follows:

	2011	2010
Capitalised tax loss carryforwards	37,566	18,980
+ Deferred tax assets	140,034	44,075
Total deferred tax assets	177,600	63,055
Assets offset	(119,409)	(33,772)
Deferred tax assets	**58,191**	**29,283**
Deferred tax liabilities	205,023	44,149
Liabilities offset	(119,409)	(33,772)
Deferred tax liabilities	**85,614**	**10,377**

Based on the tax returns, the companies of the Group have accumulated tax losses available for offsetting, deductions and exemptions to be offset in future years amounting to Euros 504,445 in 2011 and Euros 499,779 in 2010.

Thousands of Euros	Years in which generated	Limitation period (years) Unspecified (*)	2012	2013	2014	2015	2016	> 2016	TOTAL
Twins Alimentación, S.A.U.	1999 - 2007	-	-	-	-	-	-	191,662	191,662
Pe-Tra Servicios a la distribución, S.L.U.	1997 -1999	-	-	-	-	6,282	5,078	8,834	20,194
Dia Brasil Sociedade Limitada	2003 - 2009	22,964	-	-	-	-	-	-	22,964
Dia Tian Tian Management Consulting Service & Co.Ltd.	2004 - 2011	23,764	-	-	-	-	-	-	23,764
Shanghai DIA Retail Co.Ltd.	2003 - 2011	83,254	-	-	-	-	-	-	83,254
Beijing DIA Commercial Co.Ltd.	2003 - 2011	68,411	-	-	-	-	-	-	68,411
Diasa DIA Sabanci Supermarketleri Ticaret, A.S.	2007 - 2011	-	10,123	10,583	9,006	6,483	6,685	-	42,880
ED SAS	2010 - 2011	47,399	-	-	-	-	-	-	47,399
Proved SAS	2009 - 2011	3,121	-	-	-	-	-	-	3,121
Voiron Distribution SAS	2010 - 2011	789	-	-	-	-	-	-	789
Campus DIA SAS	2011	7	-	-	-	-	-	-	7
Total tax loss carryforwards		**249,709**	**10,123**	**10,583**	**9,006**	**12,765**	**11,763**	**200,496**	**504,445**

(*) Details are as follows:
Brazil: not subject to limitation
China: within 5 years of first year in which profit is generated
France not subject to limitation

At 31 December 2011, the Group has not recognised deferred tax assets in respect of tax credits amounting to Euros 126,265 thousand, primarily because certain companies have not generated profits since their incorporation or reasonable doubts exist with respect to the recoverability of the investment therein. In 2010 this balance totalled Euros 80,267 thousand and reflected net deferred assets corresponding to tax credits and temporary differences arising from investments in subsidiaries.

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

19. SHARE-BASED PAYMENT TRANSACTIONS

The plans from 2003 to 2010 extended by the Carrefour Group are subscription or call options assigned to personnel, free of any particular purchase conditions, provided that the employee is still a member of the workforce at the end of the rights acquisition period.

The paid benefits of these plans for employees are an increase in capital and reserves without valuation adjustments during the rights acquisition period, until 5 July 2011, from which date, once the Company was spun off from the Carrefour Group, is recognised under non-current provisions. The expense recognised for each period relates to the adjustment to fair value of the options extended during the period, determined in accordance with the Black-Scholes pricing model when granted and guaranteed for the related period.

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

These plans accrued during the vesting period and generated costs of Euros 4,575 thousand in 2011 and Euros 5,005 thousand in 2010. However, in 2011 and 2010 Euros 5,105 thousand and Euros 95 thousand were reversed against other equity holder contributions in connection with the plans which had already expired at 31 December 2011 and 2010, respectively (see note 15.4).

The amount recognised in equity as owner contributions for rights in share-based payments with Carrefour, S.A. shares at 5 July 2011 was Euros 15,432 thousand (31 December 2010: Euros 16,524 thousand).

On 6 July 2011 both plans were modified, mainly because Carrefour, S.A. was no longer a shareholder of the DIA Group. 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 Parent company reserves.

Carrefour Group plans which have accrued expenses during 2011 are as follows:

GRUPO CARREFOUR STOCK OPTIONS ANNUAL PROGRAMS	2006	2007	2008	2009	2010
Allocation date (1)	25/04/2006	15/05/2007	06/06/2008	17/06/2009	16/07/2010
Specific conditions (2)					
50%	25/04/2008	15/05/2009	06/06/2010	17/06/2011	16/07/2012
75%	25/04/2009	15/05/2010	06/06/2011	17/06/2012	16/07/2013
100%	25/04/2010	15/05/2011	06/06/2012	17/06/2013	16/07/2014
Program end date (3)	25/04/2013	15/05/2014	06/06/2015	17/06/2016	16/07/2017
Option fair value calculation					
exercise price in Euros	43.91	56.4	45.26	33.7	34.11
exercise price in Euros after spin-off	38.50	49.45	39.68	29.55	29.91
Number of options at 31/12/2010	**386,500**	**295,350**	**339,900**	**539,275**	**268,100**
Addition of Erteco SAS in the consolidated Group	35,800	35,500	45,600	57,700	45,150
Adjustment at 30 June 2011 for spin-off	59,375	46,518	54,201	83,935	44,043
Disposals	15,056	12,889	14,257	18,107	7,528
Exercisable options at 31/12/2011	**466,619**	**364,479**	**425,444**	**662,803**	**349,765**

(1) Date of meeting of Board of Directors (prior to 28 July 2008) or of management meeting (after that date) at which decision was taken to extend option programmes.

(2) The expiry of the stock options is subject to the conditions in force since 2006 as follows:

50% of options must be exercised within two years.

25% of options must be exercised within three years.

25% of options must be exercised within four years.

(3) Last date for exercising stock option.

GRUPO CARREFOUR BONUS SHARES

ANNUAL PROGRAMS	2008	2009	2009	2010	2010
Allocation date (1)	16/07/2008	17/06/2009	17/06/2009	16/07/2010	16/07/2010
Transfer date	16/07/2011	17/06/2012	17/06/2011	16/07/2012	16/07/2013
Execution date	16/07/2013	17/06/2014	17/06/2013	16/07/2014	16/07/2015
Specific Conditions					
service (2)	Yes	Yes	Yes	Yes	Yes
objectives (3)	No	No	Yes	Yes	No
Fair value of shares					
price in Euros	33.8	31.54	31.54	34.59	34.59
price in Euros after spin-off	29.63	27.65	27.65	30.33	30.33
Number of shares at 31/12/2010	**9,500**	**8,600**	**34,400**	**30,100**	**46,855**
Addition of Erteco SAS in the consolidated Group	-	1,200	4,800	4,900	8,625
Adjustment at 30 June 2011 for spin-off	1,336	1,378	5,512	4,921	7,800
Disposals	10,836	-	44,712	-	2,053
Number of shares at 31/12/2011	**-**	**11,178**	**-**	**39,921**	**61,227**

(1) Date of meeting of Board of Directors (prior to 28 July 2008) or of management meeting (after that date) at which decision was taken to extend option programmes.

(2) The purchase of shares by Group employees depends on length-of-service requirements, generally two to three years.

(3) Another requirement for buying shares is that the objectives established by Carrefour be met.

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 Group are awarded variable remuneration settled partly in cash and partly though shares in the Parent company, receipt of which is dependent on whether the Parent company and the 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 Parent company and/or its subsidiaries on the plan reference dates.

In the second plan, executives of the Group are awarded variable remuneration settled though shares in the Parent company, receipt of which is dependent on whether the Parent company and the Group meet certain business targets. Beneficiaries are also required to remain in the employment of or maintain their commercial relationship with the Parent 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 expected to be measured over a period ending on 31 December 2014 and settlements are planned at various dates between April 2013 and December 2016.

As the conditions of this plan include working for the Group during 2011, at 31 December 2011 the Group has estimated the accrued obligation even though the plan has not yet been implemented. The Group 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 3,768 thousand and have been recognised as personnel expenses in the consolidated income statement with a balancing entry of Euros 2,085 thousand under Other own equity instruments and Euros 1,683 thousand under non-current provisions for the cash-settled portion (see note 17.3).

20. OTHER INCOME AND EXPENSES

20.1. Other income

Details of other income are as follows:

Thousands of Euros	2011	2010
Fees and interest to finance companies	1,715	2,050
Service and quality penalties	27,285	24,056
Revenue from lease agreements	52,975	28,825
Other revenue from franchises	8,857	15,331
Revenue from commercial fees from concessions	6,075	5,880
Other income	18,472	8,809
Total other operating income	**115,379**	**84,951**

20.2. Goods and other consumables used

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

20.3. Personnel expenses

Details of personnel expenses are as follows:

Thousands of Euros	2011	2010
Salaries and wages	609,085	604,010
Social Security	161,176	159,106
Defined contribution plans	64	(921)
Expenses for share-based payment transactions	8,808	5,005
Other employee benefits expenses	28,742	28,807
Total personnel expenses	**807,875**	**796,007**

20.4. Operating expenses

Details of operating expenses are as follows:

Thousands of Euros	2011	2010
Repairs and maintenance	54,072	61,787
Utilities	104,329	106,672
Fees	19,837	40,843
Advertising	54,608	53,255
Taxes	38,289	38,438
Rentals, property	308,502	282,178
Rentals, equipment	8,933	8,768
Other general expenses	143,133	156,088
Other restructuring expenses and revenue	53,596	28,379
Total operating expenses	**785,299**	**776,408**

Other restructuring costs and income consist of non-recurring items such as the DIA Group's reorganisation plans and initiatives to raise efficiency and productivity in 2011 and 2010. In 2011 this item also includes costs of Euros 18,573 thousand incurred on the spin-off from the Carrefour Group and the Group's subsequent listing on the Spanish stock exchanges, in addition to Euros 16,330 thousand corresponding to the claim for the rounding-off of VAT to Euro decimals (see note 17.2).

20.5. Depreciation and impairment

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

Thousands of Euros	2011	2,010
Amortisation of intangible assets	6,951	7,749
Depreciation of property, plant and equipment	271,833	284,572
Total amortisation and depreciation	**278,784**	**292,321**
Impairment of intangible assets	3,602	713
Impairment of property, plant and equipment	5,387	7,287
Total impairment	**8,989**	**8,000**

In 2011 logistics depreciation is included in this item as the Euros 30,448 thousand corresponding to 2010 was reclassified from goods consumed.

In 2010 the Group re-estimated the useful lives of the assets of the French stores to be adapted from the ED format to the DIA format, with an impact on depreciation of property, plant and equipment of Euros 6,900 thousand in 2011 and Euros 16,000 thousand in 2010 (see note 6).

20.6. Gains/losses on disposal of fixed assets

The results recognised on these transactions in 2011 represented net losses of Euros 4,367 thousand and Euros 40,359 thousand in 2010. Net losses recognised in Spain in 2011 and 2010 amounted to Euros 8,320 thousand and Euros 12,726 thousand, respectively. France has reported net profits of Euros 6,319 thousand in 2011 and net losses of Euros 24,650 thousand in 2010. These results are due primarily to the adaptation of stores to the new DIA Maxi and DIA Market formats.

These amounts relate to property, plant and equipment in Spain are not affected by derecognition of intangible assets or goodwill. In France gains have been generated on disposals of intangible assets or goodwill and property, plant and equipment.

Gains on disposals of property, plant and equipment amounted to Euros 14,363 thousand in 2011 (2010: Euros 6,184 thousand).

20.7. Net finance expense/income

Details of finance income are as follows:

Thousands of Euros	2011	2010
Interest on other loans and receivables	2,413	2,041
Dividends received	19	15
Income on financial securities	1,133	1,697
Exchange gains	1,954	2,192
Other finance income	3,538	-
Total financial income	**9,057**	**5,945**

Details of finance expense are as follows:

Thousands of Euros	2011	2010
Interest on bank loans	23,146	4,252
Finance expenses for finance leases	100	735
Exchange losses	3,057	-
Other finance expenses	18,477	13,641
Total financial expenses	**44,780**	**18,628**

The increase in interest on bank loans is primarily due to the finance expenses associated with the syndicated loan contracted by the Group amounting to Euros 17,073 thousand (see note 16.1)

20.8. Foreign currency transactions

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

Thousands of Euros	2011	2010
Currency exchange losses	(3,057)	(1,121)
Currency exchange gains	1,954	3,313
Trade exchange losses	(82)	(61)
Trade exchange gains	229	1,834
Total	**(956)**	**3,965**

At 31 December 2011 the Group has foreign currency balances with suppliers expressed in Euros amounting to Euros 429,905 thousand (2010: Euros 395,413 thousand).

Foreign currency purchases expressed in Euros, including the purchases made by subsidiaries whose functional currency is other than the Euro amounted to Euros 2,364,170 thousand in 2011 (2010: Euros 2,090,276 thousand).

21. COMMITMENTS AND CONTINGENCIES

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

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

Growth operations comprise the commitments acquired to carry out steps to expand the business at Group level.

Finally, commitments relating to lease contracts for property and furniture and equipment are detailed in note 8 (Operating leases), while commitments relating to guarantees given in the financing contract are provided in note 16.1.

Details of the commitments at 31 December, expressed in thousands of Euros, are as follows:

21.1. Pledged:

Thousands of Euros at 31 December 2011	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Guarantees	18,930	1,579	4,042	17,610	42,161
Credit facilities to customers (finance companies)	25,458	46,155	-	-	71,613
Cash	**44,388**	**47,734**	**4,042**	**17,610**	**113,774**
Purchase options	6,740	-	8,550	88,128	103,418
Put options	-	-	-	21,331	21,331
Commitments related to commercial contracts	11,560	7,228	1,341	255	20,384
Other commitments	4,360	3,612	6,804	15,545	30,321
Transactions / properties / expansion	**22,660**	**10,840**	**16,695**	**125,259**	**175,454**
Total	**67,048**	**58,574**	**20,737**	**142,869**	**289,228**

Thousands of Euros at 31 December 2010	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	5,000	-	-	-	5,000
Guarantees	32,705	13	6,216	11,671	50,605
Credit facilities to customers (finance companies)	25,265	46,350	-	-	71,615
Cash	**62,970**	**46,363**	**6,216**	**11,671**	**127,220**
Purchase options	6,740	-	19,115	76,928	102,783
Put options	-	-	-	21,331	21,331
Commitments related to commercial contracts	7,350	8,025	1,091	15	16,481
Other commitments	3,787	2,267	5,885	17,516	29,455
Transactions / properties / expansion	**17,877**	**10,292**	**26,091**	**115,790**	**170,050**
Total	**80,847**	**56,655**	**32,307**	**127,461**	**297,270**

21.2. Received:

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

Thousands of Euros at 31 December 2010	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	208,557	32,758	-	-	241,315
Cash	**208,557**	**32,758**	**-**	**-**	**241,315**
Guarantees received for commercial contracts	26,004	3,885	19,650	14,001	63,540
Other commitments	156	52	-	2,842	3,050
Transactions / properties / expansion	**26,160**	**3,937**	**19,650**	**16,843**	**66,590**
Total	**234,717**	**36,695**	**19,650**	**16,843**	**307,905**

On 24 January 2012 the DIA Group extended a guarantee totalling Euros 25,400 thousand associated with the claim relating to the rounding-off of VAT to Euro decimals in ED SAS.

22. RELATED PARTIES

Transactions and balances with related parties

Details of related party balances and transactions are as follows:

Thousands of Euros	Carrefour, S.A.	Other Carrefour group companies	Total
At 31 December 2011			
Net sales	-	13,031	13,031
Operating lease income	-	186	186
Other services rendered	-	473	473
Other finance income	-	345	345
Total income	**-**	**14,035**	**14,035**
Net purchases	-	5,532	5,532
Operating lease expenses	-	1,174	1,174
Other services received	21,673	4,247	25,920
Personnel expenses	-	114	114
Finance expenses	-	5,177	5,177
Total expenses	**21,673**	**16,244**	**37,917**

Thousands of Euros -2010-	Carrefour, S.A.	Other Carrefour group companies	Total
Transactions			
Net sales	-	34,153	34,153
Operating lease income	-	394	394
Other services rendered	1,326	227	1,553
Finance income	-	791	791
Total income	**1,326**	**35,565**	**36,891**
Net purchases	-	15,305	15,305
Operating lease expenses	-	2,391	2,391
Other services received	28,546	23,942	52,488
Finance expenses	-	4,612	4,612
Total expenses	**28,546**	**46,250**	**74,796**
Balances			
Trade and other receivables	-	26,536	26,536
Total loans	**-**	**26,536**	**26,536**
Non-current borrowings	-	12,217	12,217
Current borrowings	-	507,159	507,159
Suppliers	-	5,356	5,356
Trade and other payables	6,339	-	6,339
Total debt	**6,339**	**524,732**	**531,071**

In 2011 dividends of Euros 368,600 thousand (Euros 532.000 thousand in 2010) were distributed to Norfin Holder, S.A, the sole shareholder of the Parent company until 5 July 2011.

Additionally, in 2011 the Parent company carried out trade operations totalling Euros 47,922 thousand with the Group's associates in France and with Bladis SAS. The balances associated with these transactions presented in the statements of financial position amount to credits of Euros 4,279 thousand and debits of Euros 4,215 thousand.

The Spanish companies belonged to the tax group headed by the sole shareholder, Norfin Holder, S.A.. (see note 18) before the spin-off from the Carrefour Group. Consequently, the DIA Group's credit balance with the tax group in 2010 amounted to Euros 15,603 thousand and was recognised as current income tax liabilities. There was no balance for this item in 2011.

During 2010 the Group sold its interest in DIA Hellas, A.E. to Carrefour Marinopoulus,A.E for the sale price of Euros 96,000 thousand.

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

Apart from the transactions with related parties disclosed above, In 2011 and 2010 the directors of the Parent company have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Parent or any other Group company.

Transactions with directors and senior management personnel

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

Thousands of Euros			
2011		2010	
Directors	Senior management personnel	Directors	Senior management personnel
1,123	2,832	1,450	2,084

Directors for 2011 in the table above includes Euros 473 thousand accrued in their capacity as board members, whereas in the prior year no such remuneration was received.

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

	Thousand of euros			
Board members	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	-	-	-
Mr 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.

The amounts included in senior management above for 2011 includes remuneration of Euros 322 thousand earned by executives who were directors of the Parent 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 Group extended any guarantees on their behalf.

At 31 December 2011 and 2010 details of investments held by the directors of the Group and parties related to them in companies with identical, similar or complementary statutory activities to that of the Group and positions held as well as functions and activities performed in these companies are as follows:

	2011		
Director	Company	% interest	Position or function
Mr Ricardo Currás de Don Pablos	Carrefour, S.A.	0.001	None
Mr Nadra Moussalem	Carrefour, S.A.	0.000	None

2010			
Director	**Company**	**% interest**	**Position or function**
Mr Ricardo Currás de Don Pablos	Finandia E.F.C., S.A.	-	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	Norfin Holder, S.L.	-	Board member

23. FINANCIAL RISK MANAGEMENT: OBJECTIVES AND POLICIES

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

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

A summary of the management policy used for each risk type, as proposed by the Parent company's board of directors is as follows:

a) Financial risk factors

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

Risk management is controlled by management of the Group's Finance Department. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units.

b) Currency risk

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

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

In 2011 and 2010 the Group has performed no significant transactions in currencies other than the functional currency of each company. However, for isolated transactions in US Dollars the Group has contracted exchange rate insurance policies in that currency.

The hedging transactions carried out in US Dollars during 2011 amounted to Euros 8,171 thousand (2010: US Dollars 7,972 thousand). This amount represented 99.92% of the transactions carried out in this currency in 2011. (2010: 100%). At 2011 year end, outstanding hedges in this currency totalled US Dollars 3,284 thousand (2010: US Dollars 4,659 thousand), which expire in the first seven months of 2012. These transactions are not significant with respect to the Group's total volume of purchases.

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

At 31 December 2011, if the Euro had depreciated/appreciated by 10% against the US Dollar, while upholding the remaining variables, consolidated profit after tax would have increased/decreased by Euros 343 thousand (2010: Euros 400 thousand), primarily as a result of the translation of trade receivables and debt instruments classified as available-for-sale financial assets. Translation differences recognised under other comprehensive income are not significant and therefore exchange rate fluctuations would not produce a change resulting from translations differences on foreign operations or therefore on equity.

The Group's exposure to currency risk at 31 December 2011 and 2010 is detailed below. The accompanying tables reflect the carrying amount of the Group's financial instruments or classes of financial instruments denominated in foreign currencies:

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

Thousands of Euros at 31 December 2010	Argentine Peso	Brazilian Real	Chinese Yuan	Turkish Lira
Other financial assets	1,205	230	163	-
Total non-current assets	1,205	230	163	-
Trade and other receivables	3,874	18,069	-	4,535
Current financial assets	-	-	-	-
Other assets	3,122	3,155	1,259	868
Cash and cash equivalents	43,590	50,601	6,218	21,534
Total current assets	50,586	71,825	7,477	26,937
Total assets	**51,791**	**72,055**	**7,640**	**26,937**
Financial liabilities	-	-	35,699	407
Total non-current liabilities	-	-	35,699	407
Financial liabilities	-	-	3,967	22,712
Trade and other payables	120,192	178,553	38,359	89,958
Other current liabilities	21,887	21,327	6,757	16,359
Total current liabilities	142,079	199,880	49,083	129,029
Total liabilities	**142,079**	**199,880**	**84,782**	**129,436**
Net exposure to TDC risk	**(90,288)**	**(127,825)**	**(77,142)**	**(102,499)**

c) Price risk

The Group is not significantly exposed to risk in respect of the price of equity instruments or of quoted raw materials prices.

d) Credit risk

The Group is not significantly exposed to credit risk. The Group has policies to ensure that its wholesale customers have 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 Group has policies to limit the amount of risk with any one financial institution.

The Group's exposure to credit risk at 31 December 2011 and 2010 is shown below. The accompanying tables reflect the analysis of financial assets by remaining contractual maturity dates:

Thousands of Euros	Expiry	2011
Guarantees	per contract	35,365
Equity instruments	-	1,310
Loans to third parties	2013-2021	1,167
Loans to personnel	2013-2014	557
Trade receivables	2013-2022	19,269
Consumer loans from finance companies	2013-2014	1,973
Non-current assets		**59,641**
Guarantees	2012	215
Loans to personnel	2012	3,011
Other loans	2012	255
Other assets	2012	15,261
Trade receivables	2012	186,975
Receivables from group companies	2012	4,279
Derivatives	2012	239
Consumer loans from finance companies	2012	5,364
Current assets		**215,599**

Thousands of Euros	Expiry	2010
Guarantees	per contract	34,366
Equity instruments	-	2,922
Loans to personnel	2012-2014	1,207
Trade receivables	2012-2021	13,170
Consumer loans from finance companies	2012-2014	3,191
Non-current assets		**54,856**
Loans to personnel	2011	3,673
Other loans	2011	174
Receivables on disposal of fixed assets	2011	12
Other assets	2011	17,756
Trade receivables	2011	152,447
Receivables from group companies	2011	26,536
Consumer loans from finance companies	2011	5,634
Current assets		**206,232**

The returns on these financial assets totalled Euros 2,924 thousand in 2011 (2010: Euros 2,340 thousand).

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

Non-current receivables

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

Current receivables

Current	Thousands of Euros					
	Total	Unmatured	Between 0 and 1 month	Between 2 and 3 months	Between 4 and 6 months	Between 7 and 12 months
31 December 2011	191,254	152,920	17,016	12,419	4,303	4,596
31 December 2010	178,983	135,752	28,413	9,613	1,812	3,393

The Group's general policy is to fully impair any uncollected receivable overdue by more than six months.

e) Liquidity risk

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

The Group's exposure to liquidity risk at 31 December 2011 and 2010 is shown below. The accompanying tables reflect the analysis of financial liabilities by remaining contractual maturity dates:

Thousands of Euros	Maturity	2011
Finance lease payables	2013-2014	171
Mortgage loan	2013-2019	5,604
Syndicated loan	2013-2018	584,935
Other bank loans	2013-2018	4,764
Guarantees and deposits received	per contract	4,182
Total non-current financial liabilities		**599,656**
Finance lease payables	2012	575
Suppliers of fixed assets	2012	78,995
Mortgage loan	2012	1,771
Syndicated loan	2012	247,128
Other bank loans	2012	1,785
Credit facilities drawn down	2012	10,220
Guarantees and deposits received	2012	4,667
Trade and other payables	2012	1,780,233
Personnel	2012	92,718
Other current liabilities	2012	6,574
Total current financial liabilities		**2,224,666**

Thousands of Euros	Maturity	2010
Finance lease payables	2012-2014	525
Other payables to group companies	2012-2013	12,217
Mortgage loan	2012-2019	7,506
Bank loan	2012-2020	4,301
Bills payable	2012	5
Guarantees and deposits received	per contract	3,440
Total non-current financial liabilities		**27,994**
Finance lease payables	2011	1,788
Other payables to group companies	2011	507,159
Suppliers of fixed assets	2011	83,220
Mortgage loan	2011	1,691
Bank loan	2011	169
Credit facilities drawn down	-	28,985
Guarantees and deposits received	2011	667
Trade and other payables	2011	1,726,110
Refinancing of consumer loans	2011	480
Personnel	2011	94,261
Other current liabilities	2011	30,709
Total current financial liabilities		**2,475,239**

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

Analysis of non-current debt maturities in 2011 and 2010

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

	Thousands of Euros			
	2010	Between 1 and 2 years	Between 3 and 5 years	Over five years
Finance lease payables	525	403	122	-
Other payables to group companies	12,217	658	9,312	2,247
Mortgage loan	7,506	1,789	2,730	2,987
Bank loan	4,301	4,216	43	42
Bills payable	5	5	-	-
Guarantees and deposits received	3,440	-	-	3,440
Total non-current debt	**27,994**	**7,071**	**12,207**	**8,716**

The finance expenses accrued on these financial liabilities totalled Euros 23,246 thousand in 2011 (2010: Euros 4,987 thousand).

f) Cash flow and fair value interest rate risks

As the Group 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 Group 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 4,706 thousand.

24. OTHER INFORMATION

24.1. Employee Information

The average headcount for full time personnel, distributed by professional category, is as follows:

	2011	2010
Management	207	193
Middle management	1,429	1,318
Other employees	43,649	43,978
Total	**45,285**	**45,489**

Distribution of personnel and directors by gender at year end is as follows:

	2011		2010	
	Female	Male	Female	Male
Board members	2	8	-	6
Senior management	2	8	-	8
Other management	53	147	52	143
Middle management	539	905	478	907
Other employees	29,927	15,430	30,876	15,353
Total	**30,523**	**16,498**	**31,406**	**16,417**

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

24.2. Audit Fees

KPMG Auditores, S.L., the auditors of the annual accounts of the Parent company, Finandia, E.F.C., S.A.U., Twins Alimentación, S.A.U. and Pe-tra Servicios a la Distribución, S.L.U. have invoiced the Group the following fees and expenses for professional services during 2011 and 2010:

Thousands of Euros	2011	2010
Audit services	344	383
Audit-related professional services	217	-
Other services	30	-
Total	**591**	**383**

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

The other companies of the KPMG Europe, LLP group have billed the Group the following fees for professional services during the years ended 31 December 2011 and 2010:

Thousands of Euros	2011	2010
Audit services	76	19
Other services	58	-
Total	**134**	**19**

During 2011 and 2010 other entities associated with KPMG International have invoiced the Group fees and expenses for professional services as follows:

Thousands of Euros	2011	2010
Audit services	579	471
Audit-related professional services	11	-
Total	**590**	**471**

24.3. Environmental Information

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

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

The Parent company's board of directors does not consider that any significant contingencies exist in relation to protecting and improving the environment and does not deem it necessary to recognise any provision of an environmental nature.

25. SUBSEQUENT EVENTS

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 Parent company's share capital.

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

CONSOLIDATED DIRECTORS' REPORT

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

SUMMARY FINANCIALS

(EURm)	2010	2011	INC	INC at constant exchange rate
Gross sales DIA stores	10,792.0	11,123.5	3.1%	4.7%
Net sales	9,588.0	9,779.5	2.0%	3.5%
Adjusted EBITDA[1]:	507,1	558,4	10.1%	11.0%
Adjusted EBITDA margin	5.3%	5.7%		
Net profit	37.6	94.4	151%	150%
Net debt [2]	625,0	575,9	(7.9%)	
Net debt/adjusted EBITDA 12 months	1,2x	1,0x		

(1) Adjusted EBITDA = operating profit before depreciation and amortisation, impairment, gains/losses on disposal of fixed assets and restructuring costs included in "Operating expenses". (2) Pro forma net debt 2010.

▪ DIA GROUP 2011 RESULTS

The economic climate in the countries where DIA Group has its operations continued to be highly complicated in 2011. Nonetheless, the Group managed to maintain and even increase the growth rate of its sales. In 2011, the DIA Group's net sales rose by 3.5% at a constant exchange rate. In 2011 the impact of exchange rate fluctuations resulted in a 1.5% reduction in net sales growth (from 3.5% to 2.0%), equivalent to a drop of Euros 148 million in revenue.

2011 CONSOLIDATED PROFIT

(EURm)	2010	%	2011	%	INC	INC. at constant exchange rate
Gross sales DIA stores	**10,792.0**		**11,123.5**		**3.1%**	**4.7%**
Net sales	**9,588.0**	**100.0%**	**9,779.5**	**100.0%**	**2.0%**	**3.5%**
Costs to sell and other income	(7,536.9)	(78.6%)	(7,681.5)	(78.5%)	1.9%	3.5%
Gross margin	**2,051.1**	**21.4%**	**2,098.0**	**21.5%**	**2.3%**	**3.7%**
Personnel expenses	(796.0)	(8.3%)	(807.9)	(8.3%)	1.5%	3.1%
Other operating expenses	(465.8)	(4.9%)	(423.2)	(4.3%)	(9.2%)	(7.7%)
Property rentals	(282.2)	(2.9%)	(308.5)	(3.2%)	9.3%	11.1%
OPEX	**(1,544.0)**	**(16.1%)**	**(1,539.6)**	**(15.7%)**	**(0.3%)**	**1.3%**
Adjusted EBITDA	**507.1**	**5.3%**	**558.4**	**5.7%**	**10.1%**	**11.0%**
Amortisation and depreciation [1]	(276.3)	(2.9%)	(270.8)	(2.8%)	(2.0%)	(1.2%)
Adjusted EBIT	**230.8**	**2.4%**	**287.6**	**2.9%**	**24.6%**	**25.5%**
Non-recurring items	(92.8)	(1.0%)	(75.0)	(0.8%)	(19.2%)	(18.8%)
EBIT	**138.0**	**1.4%**	**212.7**	**2.2%**	**54.1%**	**55.3%**
Net finance expense/income	(12.6)	(0.1%)	(35.7)	(0.4%)	181.7%	196.3%
Share of profit/(loss) of equity-accounted investments	(0.6)	(0.0%)	0.9	0.0%		
Pre-tax profit	**124.7**	**1.3%**	**177.8**	**1.8%**	**42.5%**	**42.4%**
Taxes	(87.2)	(0.9%)	(83.4)	(0.9%)	(4.3%)	(4.1%)
Net profit	**37.6**	**0.4%**	**94.4**	**1.0%**	**151.3%**	**150.3%**
(1) Includes depreciation of logistics items	(30.4)	(0.3%)	(29.8)	(0.3%)	(2.2%)	(0.9%)

In 2011 adjusted EBITDA rose 10.1% to Euros 558 million. This figure substantially exceeds the Euros 540 million target set for 2011 (3.4% higher) and represents a 40bp improvement in the adjusted EBITDA margin. This performance reflects the various restructuring policies and new business focus introduced (store makeovers to DIA Market and Maxi, higher percentage of franchises, increased presence of fresh products, etc.) but also the continued implementation of cost efficiency measures and the increasing maturity of the businesses in emerging markets.

The 2009-2012 Productivity Improvement Plan is producing satisfactory results, with savings of Euros 211.7 million attained from January 2009 to December 2011, Euros 106.7 million of which were achieved in 2011. This cumulative figure already represents 92% of the Euros 230 million target set for the 2012 year end, suggesting that the final savings could be higher than planned.

In 2011 the DIA Group's non-recurring items totalled Euros 75.0 million, down Euros 17.7 million on 2010. This overall decrease in non-recurring items is in line with the Company's goals for 2011. Two extraordinary items are worthy of mention due to their origin and amount: 1) The total cost of Euros 18.6 million for the flotation and 2) the Euros 16.3 million increase in the provision arising from the administrative court ruling in France with regard to Carrefour's miscalculation of VAT in 2004-2008. In 2012 the Company expects to see an ongoing substantial reduction in non-recurring items.

NON-RECURRING ITEMS

(EURm)	**2010**	**%**	**2011**	**%**	**INC**
Other restructuring income and expenses	(28.4)	(0.3%)	(53.6)	(0.5%)	88.9%
Impairment and re-estimation of useful life	(24.0)	(0.3%)	(17.0)	(0.2%)	(29.2%)
Losses on fixed assets	(40.4)	(0.4%)	(4.4)	(0.0%)	(89.2%)
Total non-recurring items	**(92.8)**	**(1.0%)**	**(75.0)**	**(0.8%)**	**(19.2%)**

In 2011 the DIA Group recorded a net finance expense of Euros 35.7 million, almost triple the 2010 figure. This increased net finance expense was mainly due to the higher level of debt resulting from extraordinary dividends paid in relation to the spin-off from Carrefour (Euros 452 million and Euros 369 million paid to Norfin Holder, S.L., which was the sole shareholder of the parent company in the Carrefour Group, on 21 December 2010 and 27 June 2011, respectively). In 2012 the net finance expense of the DIA Group is expected to increase significantly on account of the higher average debt throughout the year compared to 2011. Equity-accounted companies contributed profits of Euros 0.9 million in 2011, arising from the 33.3% interest held by the DIA Group in the French company, Bladis, SAS through Erteco, SAS.

In 2011 the tax burden went down by 4.3% to Euros 83.4 million, reflecting the decrease in the effective tax rate from 70% in 2010 to 47% in 2011. Moreover, if the tax losses contributed by certain subsidiaries, which do not affect the tax calculation, were to be excluded, the adjusted tax rate would be 36.9% in 2011. Based on the tax losses expected to be offset, the Company forecasts that this decrease will continue in coming years until the effective tax rate settles at 31-33% in the medium term.

As a final highlight in this area, in 2011 the DIA Group's profit after tax from continuing operations rose by 251.6%, from Euros 37.6 million to Euros 94.4 million.

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

▪ WORKING CAPITAL AND NET DEBT

The DIA Group's negative working capital increased by 5.9% in 2011 to Euros 1,067 million, an amount equivalent to Euros 59 million in financing. Among the various items included in working capital, in 2011 the 3.2% reduction in inventories, despite the 7% increase in the number of stores (460 net openings), is worthy of mention. This was the result of excellent stock management reflected in the average inventory turnover time, which fell from 25.8 days to 24.4 days.

WORKING CAPITAL

(EURm)	2010	2011	INC
Inventories	539.3	521.9	(3.2%)
Trade and other receivables	179.0	191.3	6.0%
Trade and other payables	1,726.1	1,780.2	3.0%
Operating working capital	**(1,007.8)**	**(1,067.0)**	**5.9%**

At the 2011 year end the financial debt of the DIA Group stood at Euros 575.9 million, down Euros 49 million on the pro forma 2010 financial debt (including the two extraordinary dividends paid to Norfin Holder S.L., a Carrefour Group company, and the cost of acquiring Erteco, SAS).

In the second half of 2011, the parent company acquired 13,586,720 own shares as agreed by the board of directors on 28 July. The Group's directors were awarded 85,736 shares as remuneration, bringing the number of own shares held by the parent company at year end to 13,500,984.

OWN SHARES

	2010	2011
Total no. of shares	679,336,000	679,336,000
Own shares	-	13,500,984
ADJUSTED NUMBER OF SHARES	**679,336,000**	**665,835,016**

Thus, at December 2011 the Group's financial debt reflected a ratio of 1.0x for net debt to adjusted EBITDA for the last 12 months.

NET DEBT

(EURm)	2010	2011	INC
Non-current payables	28.0	599.7	2042%
Current payables	540.5	266.1	(51%)
Pro forma items	373.4	-	-
Total debt	941.8	865.8	(8.1%)
Cash in hand and at banks	(316.8)	(289.9)	(8.5%)
Net debt	**625.0**	**575.9**	**(7.9%)**
Net debt/adjusted EBITDA 12 months	**1,2x**	**1,0x**	**-**

▪ EXPANSION

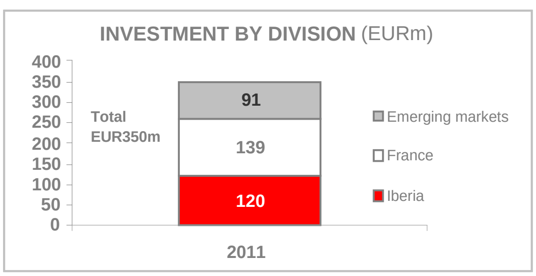
In 2011 the number of DIA Group stores increased by a net figure of 460, taking the total to 6,833 stores. The number of COCO stores fell by 54 from 4,303 to 4,249; although in 2011, 280 stores were converted from the COCO to the COFO format (232 were converted to proximity stores and 48 to attraction stores).

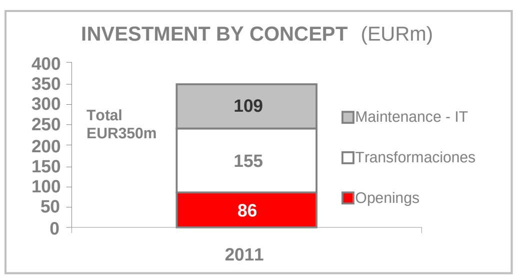
NUMBER OF DIA GROUP STORES

	2009	2010	2011
DIA Urbana	2,262	1,688	1,162
DIA Market	864	1,309	1,812
Total proximity stores	**3,126**	**2,997**	**2,974**
DIA Parking	750	493	247
DIA Maxi	595	813	1,028
Total attraction stores	**1,345**	**1,306**	**1,275**
Total COCO stores	**4,471**	**4,303**	**4,249**
FOFO stores	1,311	1,432	1,584
COFO stores	312	638	1,000
Total franchises	**1,623**	**2,070**	**2,584**
TOTAL DIA STORES	**6,094**	**6,373**	**6,833**

In 2011, 601 stores were converted to the new DIA Market and DIA Maxi formats (391 and 210, respectively), giving a total of 2,840 refurbished stores and 1,409 still to be updated. This is 67% of the COCO store network compared to 49% at the end of 2010 and 33% at the 2009 year end.

The 2,584 franchise stores amounted to 37.8% of all the Company's stores, compared to 32.5% at the end of 2010 and 26.6% at the 2009 year end. Given this percentage of franchise stores, we can be reasonably optimistic that we will achieve the target of 40% by the 2013 year end.





In 2011 Euros 350 million were invested in fixed assets. This figure is at the upper end of the Euros 300 million - Euros 350 million range given to the market as a guide for 2011-2013.

▪ BUSINESS PERFORMANCE BY GEOGRAPHICAL SEGMENT

IBERIA

(EURm)	2010	2011	INC	INC. at constant exchange rate
Gross sales DIA stores	5,526.8	5,600.0	1.3%	1.3%
LFL gross sales DIA stores				0.2%
Net sales	4,938.1	4,947.1	0.2%	0.2%
Adjusted EBITDA	374.9	413.7	10.4%	10.4%
Adjusted EBITDA margin	7.6%	8.4%		
Adjusted EBIT	214.1	256.2	19.7%	19.7%
Adjusted EBIT margin	4.3%	5.2%		

FRANCE

(EURm)	2010	2011	INC	INC. at constant exchange rate
Gross sales DIA stores	2,796.9	2,644.8	(5.4%)	(5.4%)
LFL gross sales DIA stores				(6.7%)
Net sales	2,518.5	2,356.9	(6.4%)	(6.4%)
Adjusted EBITDA	96.3	88.5	(8.1%)	(8.1%)
Adjusted EBITDA margin	3.8%	3.8%		
Adjusted EBIT	13.4	11.3	(15.8%)	(15.8%)
Adjusted EBIT margin	0.5%	0.5%		

EMERGING MARKETS

(EURm)	2010	2011	INC	INC. at constant exchange rate
Gross sales DIA stores	2,468.3	2,878.8	16.6%	23.8%
LFL gross sales DIA stores				15.2%
Net sales	2,131.5	2,475.5	16.1%	23.1%
Adjusted EBITDA	35.9	56.2	56.6%	68.8%
Adjusted EBITDA margin	1.7%	2.3%		
Adjusted EBIT	3.3	20.2	511.6%	573.5%
Adjusted EBIT margin	0.2%	0.8%		

NUMBER OF STORES BY OPERATIONAL MODEL

IBERIA	2009	2010	2011
COCO	2,296	2,114	1,985
COFO	157	346	523
FOFO	886	845	872
TOTAL NUMBER OF STORES	**3,339**	**3,305**	**3,380**

FRANCE	2009	2010	2011
COCO	835	760	671
COFO	44	122	197
FOFO	49	54	48
TOTAL NUMBER OF STORES	**928**	**936**	**916**

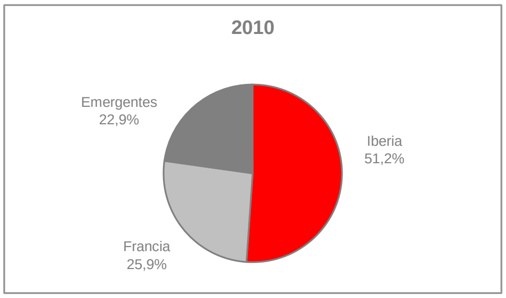
EMERGING MARKETS	2009	2010	2011
COCO	1,340	1,429	1,593
COFO	111	170	280
FOFO	376	533	664
TOTAL NUMBER OF STORES	**1,827**	**2,132**	**2,537**

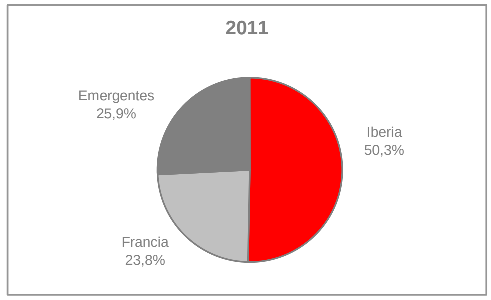
DIA GROUP	2009	2010	2011
COCO	4,471	4,303	4,249
COFO	312	638	1,000
FOFO	1,311	1,432	1,584
TOTAL NUMBER OF STORES	**6,094**	**6,373**	**6,833**

SALES AREA

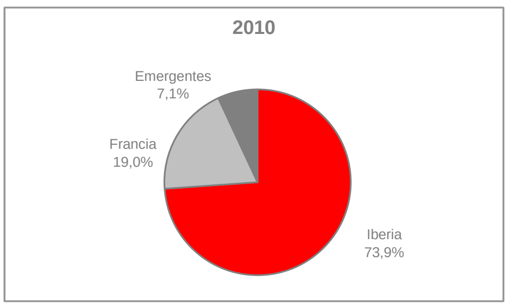
(Million m2)	2010	%	2011	%	INC
Spain	1.19	45.1%	1.22	43.8%	1.8%
Portugal	0.21	7.9%	0.21	7.6%	1.6%
IBERIA	**1.40**	**53.0%**	**1.43**	**51.4%**	**1.8%**
FRANCE	**0.67**	**25.3%**	**0.66**	**23.9%**	**(0.9%)**
Argentina	0.13	5.1%	0.15	5.3%	9.7%
Brazil	0.17	6.4%	0.21	7.5%	24.2%
Turkey	0.19	7.1%	0.23	8.2%	21.9%
China	0.08	3.2%	0.10	3.6%	17.9%
EMERGING MARKETS	**0.58**	**21.7%**	**0.69**	**24.7%**	**19.1%**
TOTAL DIA GROUP	**2.65**	**100.0%**	**2.78**	**100.0%**	**4.8%**

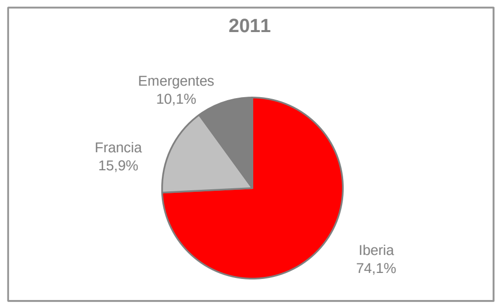
GROSS SALES DIA STORES BY SEGMENT



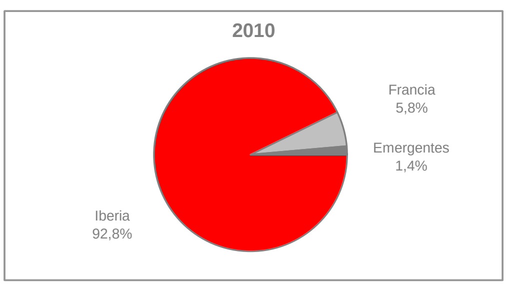


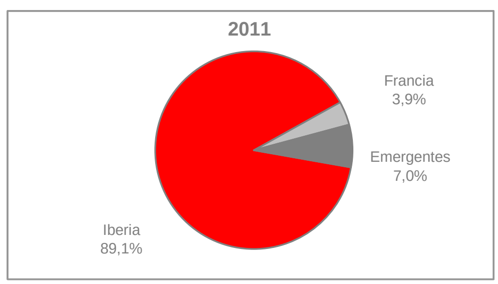
ADJUSTED EBITDA BY SEGMENT





ADJUSTED EBIT BY SEGMENT





APPENDIX 1: SALES BY COUNTRY

NET SALES BY COUNTRY

(EURm)	2010	%	2011	%	INC	INC at constant exchange rate
Spain	4,116.3	42.9%	4,140.6	42.3%	0.6%	0.6%
Portugal	821.8	8.6%	806.4	8.2%	(1.9%)	(1.9%)
IBERIA	**4,938.1**	**51.5%**	**4,947.1**	**50.6%**	**0.2%**	**0.2%**
FRANCE	**2,518.5**	**26.3%**	**2,356.9**	**24.1%**	**(6.4%)**	**(6.4%)**
Argentina	559.5	5.8%	695.5	7.1%	24.3%	38.4%
Brazil	1,029.5	10.7%	1,194.4	12.2%	16.0%	16.1%
Turkey	381.3	4.0%	412.1	4.2%	8.1%	26.3%
China	161.3	1.7%	173.6	1.8%	7.6%	7.3%
EMERGING MARKETS	**2,131.5**	**22.2%**	**2,475.5**	**25.3%**	**16.1%**	**23.1%**
TOTAL DIA GROUP	**9,588.1**	**100.0%**	**9,779.5**	**100.0%**	**2.0%**	**3.5%**

▪ APPENDIX 2: QUARTERLY PERFORMANCE AT CONSTANT EXCHANGE RATE

DIA GROUP

(EURm)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011	INC Q1 2011	INC Q2 2011	INC Q3 2011	INC Q4 2011	INC 2011
Gross sales DIA stores	2,624.7	2,797.7	2,803.7	2,897.4	11,123.5	3.8%	5.5%	4.1%	5.4%	4.7%
LFL gross sales DIA stores						0.5%	2.5%	1.5%	2.7%	1.8%
Net sales	2,317.3	2,468.5	2,457.3	2,536.4	9,779.5	2.1%	4.0%	3.3%	4.6%	3.5%
Adjusted EBITDA	99.0	134.8	143.4	181.2	558.4	23.1%	2.9%	8.3%	13.8%	11.0%
Adjusted EBITDA margin	4.3%	5.5%	5.8%	7.1%	5.7%					
Adjusted EBIT	32.7	68.1	75.0	111.9	287.7	132.3%	7.6%	18.7%	26.3%	25.5%
Adjusted EBIT margin	1.4%	2.8%	3.1%	4.4%	2.9%					

IBERIA

(EURm)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011	INC Q1 2011	INC Q2 2011	INC Q3 2011	INC Q4 2011	INC 2011
Gross sales DIA stores	1,309.2	1,416.3	1,425.0	1,449.5	5,600.0	0.2%	2.3%	0.4%	2.4%	1.3%
LFL gross sales DIA stores						(0.7%)	1.2%	(0.6%)	0.8%	0.2%
Net sales	1,161.1	1,252.9	1,253.9	1,279.2	4,947.1	(1.5%)	0.6%	(0.2%)	1.7%	0.2%
Adjusted EBITDA	74.5	99.3	108.8	131.2	413.7	19.4%	1.7%	10.3%	12.8%	10.4%
Adjusted EBITDA margin	6.4%	7.9%	8.7%	10.3%	8.4%					
Adjusted EBIT	35.8	60.5	68.7	91.2	256.2	56.0%	5.5%	18.5%	20.3%	19.7%
Adjusted EBIT margin	3.1%	4.8%	5.5%	7.1%	5.2%					

FRANCE

(EURm)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011	INC Q1 2011	INC Q2 2011	INC Q3 2011	INC Q4 2011	INC 2011
Gross sales DIA stores	655.6	693.4	634.5	661.4	2,644.8	(4.6%)	(3.8%)	(6.6%)	(6.7%)	(5.4%)
LFL gross sales DIA stores						(7.3%)	(5.5%)	(7.7%)	(6.4%)	(6.7%)
Net sales	585.7	620.4	565.8	584.9	2,356.9	(6.1%)	(5.0%)	(7.3%)	(7.3%)	(6.4%)
Adjusted EBITDA	16.9	22.9	20.8	28.0	88.5	7.8%	(12.5%)	(16.7%)	(5.2%)	(8.1%)
Adjusted EBITDA margin	2.9%	3.7%	3.7%	4.8%	3.8%					
Adjusted EBIT	(2.2)	3.7	1.4	8.3	11.3	(45.3%)	(40.1%)	(64.0%)	16.2%	(15.8%)
Adjusted EBIT margin	(0.4%)	0.6%	0.3%	1.4%	0.5%					

EMERGING MARKETS

(EURm)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011	INC Q1 2011	INC Q2 2011	INC Q3 2011	INC Q4 2011	INC 2011
Gross sales DIA stores	660.0	688.1	744.2	786.5	2,878.8	24.1%	23.9%	22.9%	24.4%	23.8%
LFL gross sales DIA stores						13.8%	14.9%	15.5%	16.1%	15.2%
Net sales	570.5	595.1	637.6	672.3	2,475.5	23.1%	23.5%	22.2%	23.7%	23.1%
Adjusted EBITDA	7.7	12.6	13.8	22.1	56.2	221.6%	66.3%	51.4%	57.8%	68.8%
Adjusted EBITDA margin	1.4%	2.1%	2.2%	3.3%	2.3%					
Adjusted EBIT	(0.9)	3.8	4.8	12.4	20.2	(84.1%)	9523%	243.6%	106.4%	573.5%
Adjusted EBIT margin	(0.2%)	0.6%	0.8%	1.8%	0.8%					

OTHER INFORMATION

Related party transactions

Transactions with related parties are described in note 22 to the consolidated annual accounts.

The main changes in the shareholder structure are as follows:

- On 2 May 2011, the subsidiary ED SAS acquired all the shares of Erteco, SAS from Carrefour SA. and its associate Bladis SAS for Euros 40,000 thousand. Bladis SAS is the subsidiary's only equity-accounted investment

- 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.

Risks and uncertainties

Risk management is controlled by the Group's finance department. This department identifies, evaluates and mitigates financial risks in close collaboration with the operational units. The Group's risks and uncertainties are described in note 23 to the consolidated annual accounts.

Environmental issues

The DIA Group is committed to environmental issues and aims to minimise its activity's impact on the environment, although it never loses sight of the economic cost of its actions. The DIA Group 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.

Parent company 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 Parent 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. The reference price had not been established at year end.

- **Subsequent events**

16 January 2012 was the deadline for the purchase of all the Parent 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 Parent company's share capital.

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

- **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.