Distribuidora Internacional de Alimentación, S.A. and subsidiaries

Condensed Interim Consolidated Financial Statements and Condensed interim consolidated directors' report

30 June 2016

(With Limited Review Report thereon)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Limited Review Report on the Condensed Interim Consolidated Financial Statements

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

To the Shareholders of
Distribuidora Internacional de Alimentación, S.A. as requested by the Company's Directors

Report on the condensed interim consolidated financial statements

Introduction

We have carried out a limited review of the accompanying condensed interim consolidated financial statements (the "interim financial statements") of Distribuidora Internacional de Alimentación, S.A. (hereinafter the "Company") and subsidiaries (the "Group"), which comprise the statement of financial position at 30 June 2016, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes for the six-month period then ended (all condensed and consolidated). Pursuant to article 12 of Royal Decree 1362/2007, the Directors of the Company are responsible for the preparation of these condensed interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit of accounts opinion on the accompanying condensed interim consolidated financial statements.

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements for the 6-month period ended 30 June 2016 have not been prepared in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of matter paragraph

We draw your attention to the accompanying note 2, which states that these condensed interim consolidated financial statements do not include all the information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying condensed interim consolidated financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2015. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying condensed interim consolidated directors' report for the 6-month period ended 30 June 2016 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the condensed interim consolidated financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The interim consolidated directors' report is not an integral part of the condensed interim consolidated financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the condensed interim financial statements for the 6-month period ended 30 June 2016. Our work is limited to the verification of the interim 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.

Paragraph on other matters

This report has been prepared at the request of the Company's Directors in relation to the publication of the six-monthly financial report required by article 35 of Law 24/1988 of 28 July 1988 governing the securities market, enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

Carlos Peregrina García

26 July 2016

Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

Condensed Consolidated Interim Financial Statements and Condensed Consolidated Interim Directors' Report

(With Limited Review Report thereon)

for the six-month period

ended 30 June 2016

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

Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (I)

at 30 June 2016 and 31 December 2015

(Expressed in thousands of Euros)

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

ASSETS	Notes	2016 30th June (Unaudited)	2015 31st December
Property, plant and equipment	4	1,450,388	1,372,010
Goodwill	5.1	558,042	558,063
Other intangible assets	5.2	35,133	34,763
Investments accounted for using the equity method	8	-	92
Non-current financial assets	6.2 and 6.3	131,148	118,236
Consumer loans from financial activities	6.1	462	458
Deferred tax assets	15	271,104	271,480
Non-current assets		**2,446,277**	**2,355,102**
Inventories	10	624,092	562,489
Trade and other receivables	6.2	333,305	221,193
Consumer loans from financial activities	6.1	6,534	6,548
Current tax assets	15	59,433	69,474
Current income tax assets	15	8,464	49,663
Other current financial assets	6.3	15,883	15,718
Other assets	9	8,464	7,815
Cash and cash equivalents	11	219,110	154,627
Current assets		**1,275,285**	**1,087,527**
TOTAL ASSETS		**3,721,562**	**3,442,629**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION(I)

at 30 June 2016 and 31 December 2015

(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	2016 30th June (Unaudited)	2015 31st December
Capital	12.1	62,246	62,246
Reserves	12.2	262,043	87,323
Own shares	12.3	(52,486)	(53,561)
Other own equity instruments	12.3	17,123	11,647
Net profit for the period		59,812	299,221
Traslation differences	12.6	(69,050)	(93,683)
Value adjustments due to cash flow hedges		60	50
Equity attributable to equity holders of the Parent		279,748	313,243
Non-controlling interests	12.5	(36)	(18)
Total Equity		279,712	313,225
Non-current borrowings	13.1	968,639	920,951
Provisions	14	46,486	51,503
Other non-current financial liabilities	13.2	17,599	17,906
Deferred tax liabilities	15	5,115	3,193
Non-current liabilities		1,037,839	993,553
Current borrowings	13.1	374,140	374,279
Trade and other payables	13.3	1,681,875	1,518,843
Current tax liabilities	15	69,155	92,939
Current income tax liabilities	15	4,314	4,111
Other current financial liabilities	13.4	274,527	145,679
Current liabilities		2,404,011	2,135,851
TOTAL EQUITY AND LIABILITIES		3,721,562	3,442,629

CONSOLIDATED INCOME STATEMENTS (II)

for the six-month periods ended 30 June 2016 and 2015

(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	2016 30th June (Unaudited)	2015 30th June (Unaudited)
Sales	3	4,243,114	4,341,978
Other income	17.1	50,579	41,815
TOTAL INCOME		4,293,693	4,383,793
Goods and other consumables used	17.2	(3,331,235)	(3,422,404)
Personnel expenses	17.3	(424,203)	(412,787)
Operating expenses	17.4	(313,882)	(325,356)
Amortisation and depreciation	17.5	(114,102)	(102,372)
Impairment	17.5	(1,889)	(2,572)
Losses on disposal of fixed assets	17.6	(3,969)	(3,562)
RESULTS FROM OPERATING ACTIVITIES		104,413	114,740
Finance income	17.7	4,883	3,377
Finance expenses	17.7	(32,294)	(29,768)
Profit of companies accounted for using the equity method	8	(259)	-
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		76,743	88,349
Income tax	15	(16,949)	(24,988)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		59,794	63,361
Gains net of taxes of discontinued operations		-	-
NET PROFIT		59,794	63,361
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITYHOLDERS OF THE PARENT		59,812	63,378
PROFIT FROM CONTINUING OPERATIONS		59,812	63,378
Losses from continuing operations attributable to non-controlling interests		(18)	(17)

Basic and diluted earnings per share, in euros			
Profit for the period		0.10	0.10

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (III)

for the six-month periods ended 30 June 2016 and 2015

(Expressed in thousands of Euros)

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

	2016 30th June (Unaudited)	2015 30th June (Unaudited)
Net profit for the period	**59,794**	**63,361**
Other comprehensive income:		
Translation differences of financial statements of foreign operations (note 12.6)	24,633	(11,479)
	24,633	(11,479)
Value adjustments due to cash flow hedges	13	(32)
Tax effect	(3)	9
	10	(23)
Transfers to the consolidated income statement	**24,643**	**(11,502)**
Total comprehensive income, net of income tax	**84,437**	**51,859**
Attributed to:		
Equityholders of the Parent	84,455	51,876
Non-controlling interests	(18)	(17)
	84,437	**51,859**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (IV)

for the six-month periods ended 30 June 2016 and 2015

(Expressed in thousands of Euros)

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

	Equity attributable to equityholders of the Parent									
	Registered capital	Share premium	Reserves and accumulated earnings	Own shares	Other own equity instruments	Value adjustments due to cash flow hedges	Translation differences	Equity attributable to the Parent	Minority interests	Total equity
At 1st January 2015	**65,107**	**618,157**	**(223,830)**	**(58,864)**	**22,827**	**55**	**(45,836)**	**377,616**	**(46)**	**377,570**
Net profit/(loss) for the period	-	-	63,378	-	-	-	-	63,378	(17)	63,361
Other comprehensive income net of income tax	-	-	-	-	-	(23)	(11,479)	(11,502)	-	(11,502)
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	(11,479)	(11,479)	-	(11,479)
Value adjustments due to cash flow hedges	-	-	-	-	-	(23)	-	(23)	-	(23)
Total comprehensive income for the period	**-**	**-**	**63,378**	**-**	**-**	**(23)**	**(11,479)**	**51,876**	**(17)**	**51,859**
Transactions with equityholders or owners	-	(473,313)	349,307	(87,310)	(10,542)	-	-	(221,858)	-	(221,858)
Distribution of the profit of 2014	-	(473,313)	358,192	-	-	-	-	(115,121)	-	(115,121)
Issuance of share-based payments	-	-	-	-	4,003	-	-	4,003	-	4,003
Transactions with own shares or equity holdings	-	-	(8,885)	(87,310)	(14,545)	-	-	(110,740)	-	(110,740)
At 30th June 2015 (Unaudited)	**65,107**	**144,844**	**188,855**	**(146,174)**	**12,285**	**32**	**(57,315)**	**207,634**	**(63)**	**207,571**
At 1st January 2016	**62,246**	**-**	**386,544**	**(53,561)**	**11,647**	**50**	**(93,683)**	**313,243**	**(18)**	**313,225**
Net profit for the period	-	-	59,812	-	-	-	-	59,812	(18)	59,794
Other comprehensive income net of income tax	-	-	-	-	-	10	24,633	24,643	-	24,643
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	24,633	24,633	-	24,633
Value adjustments due to cash flow hedges	-	-	-	-	-	10	-	10	-	10
Total comprehensive income for the period	**-**	**-**	**59,812**	**-**	**-**	**10**	**24,633**	**84,455**	**(18)**	**84,437**
Transactions with equityholders or owners	-	-	(124,501)	1,075	5,476	-	-	(117,950)	-	(117,950)
Distribution of the profit of 2015	-	-	(122,855)	-	-	-	-	(122,855)	-	(122,855)
Issuance of share-based payments	-	-	-	-	10,382	-	-	10,382	-	10,382
Transactions with own shares or equity holdings	-	-	(1,646)	1,075	(4,906)	-	-	(5,477)	-	(5,477)
At 30th June 2016 (Unaudited)	**62,246**	**-**	**321,855**	**(52,486)**	**17,123**	**60**	**(69,050)**	**279,748**	**(36)**	**279,712**

CONSOLIDATED STATEMENTS OF CASH FLOWS (V)

for the six-month periods ended 30 June 2016 and 2015

(Expressed in thousands of Euros)

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

	Notes	2016 30th June (Unaudited)	2015 30th June (Unaudited)
Operating activities			
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		76,743	88,349
Profit before income tax		*76,743*	*88,349*
Adjustments to Profit and Loss:		*147,249*	*125,795*
Amortisation and depreciation	17.5	114,102	102,372
Impairment	17.5	1,889	2,572
Losses on disposal of fixed assets	17.6	3,969	3,562
Finance income	17.7	(4,883)	(3,377)
Finance expenses	17.7	32,294	29,768
Net reversals of provisions and grants		(5,598)	(5,830)
Other adjustments to Profit and Loss		5,217	(3,272)
Profit/(loss) of companies accounted for using the equity method net of dividends		259	-
Adjustments to working capital:		*22,481*	*(161,340)*
Changes in trade and other receivables		(108,516)	(115,000)
Changes in inventories		(61,602)	(47,910)
Changes in trade and other payables		163,179	75,799
Changes in consumer loan and refinancing commitments		10	(215)
Changes in other assets		9,853	(26,986)
Changes in other liabilities		(13,238)	(25,304)
Changes in assets held for sale and liabilities		-	(58)
Current income tax paid	15	32,795	(21,666)
Net cash flows from/(used in) operating activities		*246,473*	*52,804*
Investing activities			
Acquisition of intangible assets	5.1 and 5.2	(1,745)	(66,607)
Acquisition of property, plant and equipment	4	(175,674)	(222,521)
Acquisition of financial instruments		(18,776)	(19,741)
Development cost	5.2	(2,684)	(1,236)
Changes in Fixed Assets Suppliers		(4,847)	(317)
Disposals of intangible assets		31	-
Disposals of property, plant and equipment	17.6	1,803	1,339
Payments for other financial assets		17,783	5,602
Interest received		3,145	2,204
Investing flows of discontinued operations		-	10
Net cash flows used in investing activities		*(180,964)*	*(301,267)*
Financing activities			
Acquisition of own shares	12.3	(4,048)	(103,610)
Borrowings repaid	13.1	31,764	354,315
Payments/(Collections) for other financial liabilities		294	(70)
Interest paid		(31,716)	(29,350)
Net cash flows from financing activities		*(3,706)*	*221,285*
Net changes in cash and cash equivalents		*61,803*	*(27,178)*
Net foreign exchange differences		2,680	6,133
Cash and cash equivalents at 1st January	11	*154,627*	*199,004*
Cash and cash equivalents al 31st December	11	*219,110*	*177,959*

Explanatory Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2016 (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” or “DIA”) was incorporated in Spain on 24 June 1996 as a public limited liability company (“sociedad anónima”). Its registered office is located in Las Rozas, Madrid.

The Parent’s statutory activity comprises the following activities in Spain and abroad:

(a) The wholesale or retail sale and distribution of food products and any other consumer goods in both domestic and foreign markets; household sanitation products, parapharmacy products, homeopathy, diet aids, optics, cosmetics, costume jewellery, drugstore, perfumery and personal hygiene products; and food, sanitation, insecticides and any other consumer products for animals.

(b) Corporate transactions; the acquisition, sale and lease of moveable property and real estate; and financial transactions as permitted by applicable legislation.

(c) 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.

(d) All manner of corporate collaboration services aimed at the sale of products and services of credit institutions, payment institutions, electronic money institutions and currency exchange establishments, in accordance with the provisions of the statutory activity and administrative authorisation of these entities. This collaboration shall include, as permitted by applicable legislation and, where appropriate, subject to any necessary prior administrative authorisation, the delivery, sale and distribution of products and services of these entities.

(e) Activities related to internet-based marketing and sales, and sales through any other electronic medium of all types of legally tradeable 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.

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

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

(h) The acquisition, ownership, use, management, administration and disposal of equity instruments of companies domiciled in Spain and abroad through the management of human and material resources.

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

(j) The deposit and storage of all manner of goods and products, both for the Company and for other companies.

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

The DIA Group currently trades under the names of DIA Market, DIA Fresh, Fresh by DIA, DIA Maxi, La Plaza de DIA, Max Descuento, Clarel, El Árbol, Cada DIA, Minipreço and Mais Perto.

DIA shares have been traded on the Spanish stock exchanges since 5 July 2011.

2. BASIS OF PRESENTATION

2.1. Basis of preparation of the condensed consolidated interim financial statements

The Parent's directors have prepared these condensed consolidated interim financial statements for the six-month period ended 30 June 2016 based on the accounting records of Distribuidora Internacional de Alimentación S.A. and subsidiaries. These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the DIA Group's financial position and performance since the last consolidated annual accounts as at and for the year ended 31 December 2015.

The DIA Group has adopted the latest versions of all applicable standards issued by the IASB and endorsed by the European Union Regulatory Committee that are for mandatory application at 30 June 2016.

The condensed consolidated interim financial statements have been prepared using figures for the six-month periods ended 30 June 2016 and 2015, except for the consolidated statement of financial position, which is presented at 30 June 2016 and 31 December 2015.

Distribuidora Internacinal de Alimentacion S.A. is the matrix of the group that consists of subsidiaries (from now on Grupo DIA o the Group) that have been consolidated by global integration method or equity method.

In May 2016, the Group's subsidiaries, Pe-Tra Servicios a la distribución, S.L. and Distribuidora Internacional, S.A purchased 100% of subsidiary Hartford equity and at 30 June 2016 changed the company name to DIA Paraguay S.A. (from now on DIA Paraguay). As a consequence of the purchase of DIA Paraguay, subsidiary Distribuidora Paraguaya de Alimentos, S.A (from now on DIPASA) has been indirectly purchased DIPASA shareholders are DIA Paraguay with a 10% of participation. At 30 June 2016, these two companies have not yet started its activity. At 3 May 2016, DIA Brasil has increased its equity in 100.000 brazilian reals and has been fully integrated by the Group's holding. In the other hand, Schlecker, S.A has changed its company name to DIA,S.A., and recorded in the Mercantile Registry at 12 February 2016. Finally, at 29 March 2016 the cancellation process in the Mercantie Registry of Chinese subsidiary Beijing DIA Comercial Co, LTD has ended.

On a half-yearly basis, the seasonal nature of the Group's performance is in line with historical trends in consolidated results. Historically, sales for the first half of each year represent approximately 48% of the Group's annual sales.

The figures contained in the documents comprising these condensed consolidated interim financial statements are expressed in thousands of Euros, unless stated otherwise. The Parent´s functional and presentation currency is the Euro.

2.2. Significant accounting principles

The condensed consolidated interim financial statements for the first half of 2016 have been prepared by the DIA Group applying the accounting principles and measurement criteria described in note 3 to the consolidated annual accounts for 2015.

Standards and interpretations issued and not applied:

At 30 June 2016, date of the accompanying condensed consolidated interim financial statements, the following standards have been issued but are not yet effective. The Group expects to adopt these standards as of 1 January 2018 or at a later date:

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

- IFRS 15 Revenue from Contracts with Customers. Effective for annual periods beginning on or after 1 January 2018. Pending adoption by the EU.

- IFRS 16 Leases. Effective for annual periods beginning on or after 1 January 2019. Pending adoption by the EU.

The DIA Group is analysing the potential impact of applying these standards and expects the impact of applying IFRS 16 to be material. The Group has no plans for the early adoption of any of these standards.

3. INFORMATION ON OPERATING SEGMENTS

For management purposes the Group is organised into business units, based on the countries in which it operates. At 30 June 2016 the operating segments are Iberia (Spain, Portugal and Switzerland) and emerging countries (Brazil, Argentina and China).

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

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

A breakdown of key segment data in the income statement is as follows:

Thousands of Euros	Segment - Iberia -	Segment - Emerging -	Consolidated
At 30th June 2016			
Sales (1)	2,827,563	1,415,551	4,243,114
EBITDA (2)	191,994	32,379	224,373
% of sales	6.8%	2.3%	5.3%
At 30th June 2015			
Sales (1)	2,768,667	1,573,311	4,341,978
EBITDA (2)	185,929	37,317	223,246
% of sales	6.7%	2.4%	5.1%

(1) Sales eliminations arising from consolidation are included in segment Iberia

(2) EBITDA = operating income before depreciation, amortisation and impairment of tangible and intangible assets, profit/(loss) on changes in fixed assets.

Key segment data included in the consolidated statements of financial position are as follows:

Thousands of Euros	Segment - Iberia -	Segment - Emerging -	Consolidated
At 30th June 2016			
Non-current assets	1,986,546	459,731	2,446,277
Liabilities	2,759,268	682,582	3,441,850
Number of outlets	5,561	2,201	7,762
Acquisition of tangible and intangible assets in the first six months of 2016.	146,763	33,340	180,103
At 31st December 2015			
Non-current assets	1,933,945	421,157	2,355,102
Liabilities	2,457,796	671,608	3,129,404
Number of outlets	5,562	2,156	7,718
Acquisition of tangible and intangible assets in the first six months of 2015.	221,846	68,518	290,364

Details of sales and non-current assets (except for financial assets and deferred tax assets), by country, are as follows:

Thousands of Euros	Sales		Tangible and intangible assets	
	30/06/2016	30/06/2015	30/06/2016	31/12/2015
Spain	2,503,390	2,438,863	1,380,636	1,327,307
Portugal	324,173	329,804	265,791	267,628
Argentina	606,549	719,466	135,565	144,990
Brazil	714,225	758,603	242,825	203,960
China	94,777	95,242	18,738	20,918
Switzerland	-	-	8	33
Total	**4,243,114**	**4,341,978**	**2,043,563**	**1,964,836**

4. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment during the six-month periods ended 30 June 2016 and 2015, and movement, are as follows:

Thousands of Euros	Land	Buildings	Equipment, fixtures and fittings and machinery	Other installations, utensils and furniture	Tangible assets in progress and advances given	Other fixed assets	Total
Cost							
At 1st January 2015	**139,180**	**1,101,611**	**1,277,044**	**109,566**	**44,523**	**129,513**	**2,801,437**
Additions	11,908	49,113	90,667	9,793	56,524	4,516	222,521
Disposals	-	(7,997)	(15,927)	(1,962)	(1)	(1,324)	(27,211)
Transfers	(14)	49,555	(25,779)	2,064	(29,647)	3,699	(122)
Other movements	-	15,144	(15,264)	(10)	(9)	(2)	(141)
Translation differences	(1,038)	(9,803)	(6,067)	(2,329)	(1,716)	(1,725)	(22,678)
At 30th June 2015	**150,036**	**1,197,623**	**1,304,674**	**117,122**	**69,674**	**134,677**	**2,973,806**
At 1st January 2016	**146,839**	**1,200,319**	**1,352,528**	**109,360**	**77,222**	**132,128**	**3,018,396**
Additions	59	37,999	84,960	10,316	19,193	23,147	175,674
Disposals	(89)	(5,245)	(16,563)	(1,140)	(17)	(740)	(23,794)
Transfers	-	16,754	60,933	(11,981)	(66,626)	8,400	7,480
Other movements	-	(1,866)	(2,689)	(53)	(84)	(78)	(4,770)
Translation differences	1,738	11,236	15,525	437	1,621	4,161	34,718
At 30th June 2016	**148,547**	**1,259,197**	**1,494,694**	**106,939**	**31,309**	**167,018**	**3,207,704**
Depreciation							
At 1st January 2015	**-**	**(540,096)**	**(821,273)**	**(51,699)**	**-**	**(106,947)**	**(1,520,015)**
Amortisation and depreciation (note 17.5)	-	(28,718)	(57,686)	(6,351)	-	(5,701)	(98,456)
Disposals	-	5,796	13,263	1,618	-	1,275	21,952
Transfers	-	87	(12)	(53)	-	(22)	-
Other movements	-	(9,201)	9,328	11	-	2	140
Translation differences	-	1,822	2,974	636	-	1,086	6,518
At 30th June 2015	**-**	**(570,310)**	**(853,406)**	**(55,838)**	**-**	**(110,307)**	**(1,589,861)**
At 1st January 2016	**-**	**(579,494)**	**(885,692)**	**(50,613)**	**-**	**(110,524)**	**(1,626,323)**
Amortisation and depreciation (note 17.5)	-	(28,976)	(65,394)	(6,702)	-	(7,984)	(109,056)
Disposals	-	3,032	12,386	735	-	692	16,845
Transfers	-	(1,913)	(11,245)	5,014	-	(351)	(8,495)
Other movements	-	1,831	2,769	51	-	78	4,729
Translation differences	-	(2,999)	(9,110)	62	-	(2,322)	(14,369)
At 30th June 2016	**-**	**(608,519)**	**(956,286)**	**(51,453)**	**-**	**(120,411)**	**(1,736,669)**
Impairment							
At 1st January 2015	**(612)**	**(8,333)**	**(2,121)**	**-**	**-**	**-**	**(11,066)**
Allowance (note 17.5)	-	(2,281)	(371)	-	-	-	(2,652)
Distribution	-	330	304	-	-	-	634
Reversals (note 17.5)	-	5	39	-	-	-	44
Translation differences	-	56	(12)	-	-	-	44
At 30th June 2015	**(612)**	**(10,223)**	**(2,161)**	**-**	**-**	**-**	**(12,996)**
At 1st January 2016	**(612)**	**(14,711)**	**(4,705)**	**(32)**	**-**	**(3)**	**(20,063)**
Allowance (note 17.5)	-	(1,636)	(84)	-	-	-	(1,720)
Distribution	-	600	595	-	-	-	1,195
Reversals (note 17.5)	-	4	21	-	-	-	25
Other movements	-	-	1	-	-	-	1
Transfers	-	293	(261)	23	-	-	55
Translation differences	-	(136)	(4)	-	-	-	(140)
At 30th June 2016	**(612)**	**(15,586)**	**(4,437)**	**(9)**	**-**	**(3)**	**(20,647)**
Net carrying amount							
At 30th June 2015	**149,424**	**617,090**	**449,107**	**61,284**	**69,674**	**24,370**	**1,370,949**
At 1st January 2015	**138,568**	**553,182**	**453,650**	**57,867**	**44,523**	**22,566**	**1,270,356**
At 30th June 2016	**147,935**	**635,092**	**533,971**	**55,477**	**31,309**	**46,604**	**1,450,388**
At 1st January 2016	**146,227**	**606,114**	**462,131**	**58,715**	**77,222**	**21,601**	**1,372,010**

Euros 130,383 thousand of additions in the first half of 2016 (Euros 144,912 thousand in the first half of 2015) were in Spain as a result of opening new establishments, as well as refurbishment works and store refits to new formats. Additions in Portugal during the period total Euros 12,698 thousand corresponding to new formats reconversion (Euros 9,332 thousand in the first half of 2015). Additions in emerging countries during the first half of 2016, as in the first half of the previous year, are the result of opening new establishments, refurbishments and remodelling to new formats in Argentina, amounting to Euros 18,810 thousand (Euros 49,506 thousand in the first half of 2015), and Brazil, amounting to Euros 12,452 thousand (Euros 14,180 thousand in the first half of 2015).

Disposals in the first half of 2016 primarily comprise items replaced as a result of the aforementioned improvements and disposals due to store closures. Assets with a total carrying amount of Euros 4,150 thousand were derecognised in Spain in the first half of 2016 (Euros 2,378 thousand at 30 June 2015). Other disposals in the first half of 2016 and 2015 relate to the adaptation of stores in other countries in which the DIA Group operates. Losses incurred on the derecognition of property, plant and equipment amount to Euros 3,950 thousand (Euros 3,285 thousand in the first half of 2015).

Finance leases

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

During the first half of 2016, the main additions are the new finance leases associated with motor vehicles in the Parent. The Group has acquired the following items of property, plant and equipment considered as finance leases and hire contracts with purchase options:

Thousands of Euros	30/06/2016	31/12/2015
Land	115	115
Cost	115	115
Buildings	312	316
Cost	344	344
Accumulated depreciation	(32)	(28)
Equipment, fixtures and fittings and machinery	24,135	26,652
Cost	41,436	40,403
Accumulated depreciation	(17,300)	(13,751)
Other installations, utensils and furniture	3	3
Cost	4	4
Accumulated depreciation	(1)	(1)
Other fixed assets	13,483	-
Cost	15,028	-
Accumulated depreciation	(1,545)	-
Net carrying amount	**38,048**	**27,086**

Interest costs incurred on finance leases amounted to Euros 2,324 thousand during the first half of 2016 and Euros 687 thousand at 30 June 2015 (see note 17.7).

Future minimum lease payments for assets acquired under finance leases, and their present value, are as follows:

	30/06/2016		31/12/2015	
Thousands of Euros	Minimum payments	Present value	Minimum payments	Present value
Less than one year	12,381	10,236	9,312	7,736
Two to five years	28,351	25,185	21,947	18,191
More than 5 years	2,585	2,423	1,196	994
Total minimum payments and present value	**43,317**	**37,844**	**32,455**	**26,921**
Less current portion (note 13.1)	(12,381)	(10,236)	(9,312)	(7,736)
Total non-current (note 13.1)	**30,936**	**27,608**	**23,143**	**19,185**

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

Thousands of Euros	30/06/2016	31/12/2015
Minimum future payments	43,294	32,432
Purchase option	23	23
Unaccrued finance expenses	(5,473)	(5,534)
Present value	**37,844**	**26,921**

5. INTANGIBLE ASSETS

5.1. Goodwill

Goodwill by operating segment before aggregation at 30 June 2016 and 31 December 2015 is as follows:

Thousands of Euros	30/06/2016	31/12/2015
Spain	518,288	518,309
Portugal	39,754	39,754
Total	**558,042**	**558,063**

At 31 December 2015 the goodwill recognised in Spain includes an amount of Euros 94,244 thousand generated in 2015 on the business combination that arose from the acquisition of 147 stores from Cecosa Supermercados, S.L., Supermercados Picabo, S.L. and Caprabo, S.A. (all Eroski Group entities) by the Parent and Grupo El Árbol, Distribución y Supermercados, S.A. This amount reflects the difference between the Euros 140,548 thousand price paid and the fair value of the identifiable net assets acquired (land amounting to Euros 11,578 thousands, buildings amounting to Euros 12,921 thousands and technical installations and machinery amounting to Euros 21,805 thousands).

5.2. Other intangible assets

Details of other intangible assets during the six-month periods ended 30 June 2016 and 2015, and movement, are as follows:

Thousands of Euros	Development cost	Industrial property	Leaseholds	Computer software	Other intangible assets	Total
Cost						
At 1st January 2015	**5,133**	**5,252**	**27,491**	**26,385**	**15,863**	**80,124**
Additions/Internal development	1,236	-	-	2,050	111	3,397
Disposals	-	-	-	-	(17)	(17)
Transfers	(4,612)	2,812	-	1,918	(29)	89
Translation differences	(4)	-	-	(115)	(118)	(237)
At 30th June 2015	**1,753**	**8,064**	**27,491**	**30,238**	**15,810**	**83,356**
At 1st January 2016	**4,818**	**8,196**	**27,102**	**34,184**	**15,550**	**89,850**
Additions/Internal development	2,684	-	-	1,691	54	4,429
Disposals	-	-	(106)	(414)	(74)	(594)
Transfers	(2,508)	1,272	200	1,992	4	960
Translation differences	-	-	-	313	248	561
At 30th June 2015	**4,994**	**9,468**	**27,196**	**37,766**	**15,782**	**95,206**
Depreciation						
At 1st January 2015	**-**	**(1,908)**	**(21,021)**	**(19,315)**	**(5,027)**	**(47,271)**
Amortisation and depreciation (note 17.5)	-	(472)	(577)	(2,611)	(256)	(3,916)
Transfers	-	-	(31)	-	61	30
Translation differences	-	-	-	80	45	125
At 30th June 2015	**-**	**(2,380)**	**(21,629)**	**(21,846)**	**(5,177)**	**(51,032)**
At 1st January 2016	**-**	**(2,897)**	**(21,879)**	**(24,609)**	**(5,308)**	**(54,693)**
Amortisation and depreciation (note 17.5)	-	(910)	(551)	(3,339)	(246)	(5,046)
Disposals	-	-	106	384	-	490
Translation differences	-	-	-	(209)	(100)	(309)
At 30th June 2015	**-**	**(3,807)**	**(22,324)**	**(27,773)**	**(5,655)**	**(59,559)**
Impairment						
At 1st January 2015	**-**	**-**	**(48)**	**-**	**(238)**	**(286)**
Allowance (note 17.5)	-	-	(62)	-	(86)	(148)
Reversals (note 17.5)	-	-	-	-	184	184
Translation differences	-	-	-	-	4	4
At 30th June 2015	**-**	**-**	**(110)**	**-**	**(136)**	**(246)**
At 1st January 2016	**-**	**-**	**(51)**	**-**	**(343)**	**(394)**
Allowance (note 17.5)	-	-	(48)	-	(146)	(194)
Distribution	-	-	-	-	74	74
At 30th June 2015	**-**	**-**	**(99)**	**-**	**(415)**	**(514)**
Net carrying amount						
At 30th June 2015	**1,753**	**5,684**	**5,752**	**8,392**	**10,497**	**32,078**
At 1st January 2015	**5,133**	**3,344**	**6,422**	**7,070**	**10,598**	**32,567**
At 30th June 2015	**4,994**	**5,661**	**4,773**	**9,993**	**9,712**	**35,133**
At 1st January 2016	**4,818**	**5,299**	**5,172**	**9,575**	**9,899**	**34,763**

Additions recognised in the first half of 2016 under development costs reflect IT projects produced in-house in Spain (Euros 1,236 thousand in the first half of 2015). Transfers of development costs during the first six months of 2016 primarily comprise transfers to industrial property amounting to Euros 1,272 thousand for investments in the development of commercial models, and Euros 1,341 thousand reflecting transfers to computer software (Euros 4,612 thousand in the same period of 2015, of which Euros 2,812 thousand reflected transfers to industrial property for investments in the development of commercial models, and Euros 1,918 thousand comprised transfers to computer software). Computer software costing Euros 1,691 thousand was purchased in the first half of 2016 (Euros 2,050 thousand in the same period of 2015).

6. FINANCIAL ASSETS

Details of financial assets included in the consolidated statement of financial position are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Non-current assets		
Non-current financial assets	131,148	118,236
Consumer loans from financing activities	462	458
Current assets		
Trade and other receivables	333,305	221,193
Consumer loans from financing activities	6,534	6,548
Other current financial assets	15,883	15,718
TOTAL	**487,332**	**362,153**

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

These balances reflect loans granted by FINANDIA, EFC and DIA Argentina to individuals resident in Spain and Argentina, respectively, calculated at amortised cost, which does not differ from their fair value.

In 2016, as in the preceding period, the effective interest rate of credit card receivables in Spain ranged from 0% for customers who pay upfront to a variable monthly nominal rate of 2.16% for customers making use of revolving credit facilities and which may be changed subject to prior individual notification of the customer. In Argentina the average nominal annual interest rate for customers making use of revolving credit facilities for the first six months of 2016 was 51.34% and the annual nominal rate for financing purchases with payment in 2 to 24 instalments was 76.17%.

Interest and similar income from these assets recognised in the consolidated income statement amounted to Euros 1,177 thousand for the first six months of 2016 and Euros 1,025 thousand for the first half of 2015 (see note 17.7).

6.2. Trade and other receivables

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

Thousands of Euros	30/06/2016	31/12/2015
Trade receivables	392,485	272,483
Receivables from associates companies	1,714	-
Total trade and other receivables	**394,199**	**272,483**
Less current portion	333,305	221,193
Total non-current (note 6.3)	**60,894**	**51,290**

a) Trade receivables

This item also includes balances receivable from suppliers totalling Euros 222,728 thousand at 30 June 2016 (Euros 114,777 thousand at 31 December 2015).

It also includes trade receivables for sales of merchandise due to the financing extended by the Group to its franchisees. This item is carried at present value and has generated revenues of Euros 1,461 thousand in the consolidated income statement at 30 June 2016 (Euros 978 thousand in the same period of 2015).

The Group has non-recourse factoring facilities which amounted to Euros 56,981 thousand at 30 June 2016.

b) Impairment

Movement in the provision for impairment of receivables is as follows:

Thousands of Euros	30/06/2016	30/06/2015
At 1st January	**(37,013)**	**(32,863)**
Charge	(8,722)	(6,754)
Applications	97	32
Reversals	7,670	4,160
Translation differences	(320)	523
At 31th June	**(38,288)**	**(34,902)**

6.3. Other current and non-current financial assets

Details of financial assets are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Guarantees	53,987	43,289
Equity instruments	88	88
Loans to personnel	2,671	2,934
Other loans	891	1,688
Derivatives (note 7)	212	8,203
Other financial assets	11,688	9,862
Trade receivables > 1 year (note 6.2)	60,894	51,290
Other non-current financial assets	16,600	16,600
Total other financial assets	**147,031**	**133,954**
Less current portion	15,883	15,718
Total non-current	**131,148**	**118,236**

Security deposits and other guarantees reflect amounts extended to lessors to secure lease contracts, as well as guarantees extended to franchisees and guarantees extended for the change in share price linked to the equity swap (see note 12.3 (a)).

Other non-current financial assets includes the deposits withheld from the sellers in the acquisition of premises from the Eroski Group during 2015, which is payable in instalments at 14, 36 and 48 months.

7. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

Details of principal derivative financial instruments at 30 June 2016 and 31 December 2015 are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Interest rate and exchanges derivatives - Fair value hedges (note 6.3 and 13.1)	(3,014)	8,137

The DIA Group holds various hedging instruments to mitigate any adverse effects arising from exchange rates and interest rates. The principal financial derivative instrument amount corresponds to the derivative arranged in Brazil in respect of bank loans from third parties.

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

8. OTHER EQUITY-ACCOUNTED INVESTEES

The balance under equity-accounted investees reflects the Group's investment in ICDC Services, Sàrl, which commenced its activity in the first half of 2016.

9. OTHER ASSETS

Details of other assets are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Prepayments for operating leases	2,648	3,339
Prepayments for guarantees	277	667
Prepayments for insurance contracts	1,359	809
Other prepayments	4,180	3,000
Total other assets	**8,464**	**7,815**

10. INVENTORIES

Details of inventories are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Goods for resale	615,881	554,276
Other supplies	8,211	8,213
Total inventories	**624,092**	**562,489**

At 30 June 2016 there are no restrictions of any kind on the availability of inventories.

11. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Cash and current account balances	203,298	117,642
Cash equivalents	15,812	36,985
Total	**219,110**	**154,627**

The main variations reflect an increase in cash and current accounts in Spain, and the decrease in cash equivalents is due to the partial cancellation of the deposits that the Group had in Brazil at 31 December 2015. At 30 June 2016 this item reflects deposits in Brazil with a maturity of less than three months.

12. EQUITY

12.1. Capital

At 30 June 2016 DIA's share capital is Euros 62,245,651.30, represented by 622,456,513 shares of Euros 0.10 par value each, subscribed and fully paid. These shares are freely transferable.

The Parent's shares are listed on the Spanish stock markets. According to public information filed with the Spanish National Securities Market Commission (CNMV), at 30 June 2016 the members of the board of directors control approximately 0.101% of the Parent's share capital.

The same public information shows that the most significant interests in the Company's share capital at 30 June 2016 are as follows:

Baillie Gifford & CO	10,488%
Blackrock INC.	3,390%
Black Creek Investment Management INC	3,069%
Citadel Multiestrategy Equities Master Fund LTD	1,176%

12.2. Reserves and retained earnings

Details of reserves and retained earnings are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Legal reserve	13,021	13,021
Goodwill reserve	-	12,829
Capital redemption reserve	5,688	5,688
Other reserves	243,334	55,785
Profit attributable to equityholders ot the parent	59,812	299,221
Total	**321,855**	**386,544**

Other reserves include Euros 15,170 thousand for reclassification of the goodwill reserve pursuant to final provision thirteen of Audit Law 22/2015 of 20 July 2015. This amount is not distributable at 30 June 2016.

The distribution of the Parent's profit for 2015, ultimately approved by the shareholders at the ordinary general meeting held on 22 April 2016, is as follows:

Basis of distribution	Euros
Profit for the year	216,975,254.59
Total	**216,975,254.59**

Basis of allocation	Euros
Dividends	122,854,546.20
Goodwill reserve	2,340,690.06
Other reserves	91,780,018.33
Total	**216,975,254.59**

The dividend is recognised under other financial liabilities at 30 June 2016 (see notes 13.4 and 21).

12.3. Own shares and other own equity instruments

a) Own shares

During the first half of 2016 Group executives have received 782,739 shares (amounting to Euros 5,123 thousand) as remuneration under the multi-year incentive plan and the 2011 – 2014 Long Term Incentive Plan (see note 16), and the Group has purchased 821,000 own shares amounting to Euros 4,048 thousand to cover the 2016-2018 long-term incentive plan approved by the shareholders at the ordinary general meeting held on 22 April 2016.

At 30 June 2016 the Group holds 8,222,043 own shares of the Parent with an average purchase price of Euros 6.3836 per share, representing a total amount of Euros 52,485,947.23, which are earmarked to meet share obligations with executives under the plans described in note 16.

b) Other own equity instruments

This reserve includes obligations derived from equity-settled share-based payment transactions following the approval by the board of directors and shareholders of the 2011-2014, 2014-2016 and 2016-2018 long-term incentive plans (see note 16). The new 2016-2018 incentive plan was approved by the shareholders at the general meeting held on 22 April 2016 and the employees were informed of this in June.

12.4. Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Parent for the six-month periods ended 30 June 2016 and 2015 by the weighted average number of ordinary shares outstanding during the periods.

	30-Jun-16	30-Jun-15
Average number of shares	**614,654,113**	**638,094,852**
Profit for the period in thousands of Euros	59,812	63,378
Profit per share in Euros	0.10	0.10

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

	Weighted average ordinary shares in circulation at 30/06/2016	Ordinary shares at 30/06/2016	Weighted average ordinary shares in circulation at 30/06/2015	Ordinary shares at 30/06/2015
Total shares issued	622,456,513	622,456,513	651,070,558	651,070,558
Own shares	(7,802,400)	(8,222,043)	(12,975,706)	(22,737,743)
Total shares available and diluted	**614,654,113**	**614,234,470**	**638,094,852**	**628,332,815**

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.

12.5. Non-controlling interests

At 30 June 2016 and 31 December 2015 the balance included by the DIA Group in this item relates entirely to Compañía Gallega de Supermercados, S.A.

12.6. Translation differences

Details of translation differences at 30 June 2016 and 31 December 2015 are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Argentina	(35,918)	(33,110)
Brazil	(27,251)	(53,262)
China	(5,881)	(7,311)
Total	**(69,050)**	**(93,683)**

13. FINANCIAL LIABILITIES

Details of financial liabilities in the consolidated statements of financial position at 30 June 2016 and 31 December 2015 are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Non-current liabilities		
Non-current borrowings	968,639	920,951
Other non-current financial liabilities	17,599	17,906
Current liabilities		
Current borrowings	374,140	374,279
Trade and other payables	1,681,875	1,518,843
Other financial liabilities	274,527	145,679
Total financial liabilities	**3,316,780**	**2,977,658**

13.1. Borrowings

Details of current and non-current borrowings are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Debentures and bonds long term	793,793	495,862
Syndicated credits (Revolving credit facilities)	96,903	297,580
Mortgage loans	3,737	4,834
Other bank loans	37,169	95,652
Finance lease payables (note 4)	27,608	19,185
Guarantees and deposits received	8,872	7,838
Other non-current borrowings	557	-
Total non-current borrowings	**968,639**	**920,951**
Debentures and bonds long term	7,724	3,500
Mortgage loans	2,173	2,145
Other bank loans	138,135	137,468
Other financial liabilities	37,166	42,266
Finance lease payables (note 4)	10,236	7,736
Credit facilities drawn down	167,647	175,073
Expired Interests	638	778
Guarantees and deposits received	4,731	4,760
Liabilities derivatives (note 7)	3,038	40
Other current borrowings	2,652	513
Total current borrowings	**374,140**	**374,279**

The Parent issued notes as part of the Euro Medium-Term Note Programme (EMTN), as approved by the Central Bank of Ireland on 3 July 2014. The following issues were carried out under this programme:

- On 10 July 2014 the Parent successfully issued notes amounting to Euros 500 million with a maturity of five years, a coupon of 1.50% and an issue price of 99.419%. These notes were issued on the Irish Stock Exchange. At 30 June 2016 these notes are listed at a price of 103.179%. During the first six months of 2016 the notes generated interest of Euros 3,792 thousand was generated.
- On 18 April 2016 the Parent successfully completed a second issue of notes amounting to Euros 300 million with a maturity of five years, a coupon of 1.00% and an issue price of 99.424%. These notes were issued on the Irish Stock Exchange. At 30 June 2016 these notes are listed at a price of 101.111%. At 30 June 2016 these notes have generated interest of Euros 533 thousand.

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

On 21 April 2015 DIA signed an agreement with a number of financial institutions for a Euros 300 million syndicated loan maturing in April 2018 subject to an optional extension for a further two years. In March 2016 the first extension was carried out for Euros 225 million maturing in April 2019. On 3 July 2014 DIA signed an agreement with a number of financial institutions for a five-year syndicated loan of Euros 400 million. At 30 June 2016 DIA has made drawdowns of Euros 99 million on these syndicated loans, which accrue variable interest at market rates. At 30 June 2016, the covenant ratio linked to this financing, as defined in the arrangement (*), and which are calculated based on the DIA Group's consolidated interim financial statements, have been met. It is as follows:

Financial covenant	Syndicated loans in 2015 and 2016
Total net debt (*)/ EBITDA (*)	< 3.50x

Mortgage loans include four contracts for which properties owned by the subsidiaries Twins Alimentación, S.A.U. and Schlecker, S.A. have been pledged as collateral. These loans fall due in 2018, 2019 and 2020. The interest rates are between 2.00% and 5.07%. Details of these four mortgages at 30 June 2016 and 31 December 2015 are as follows:

		30/06/2016		31/12/2015	
Thousands of Euros	Maturity	Outstanding principal	Net book value	Outstanding principal	Net book value
Warehouse - Dos Hermanas (Sevilla)	2019	2,510	9,297	2,929	9,476
Warehouse - Torredembarra (Tarragona)	2017	1,069	4,923	1,409	4,973
Warehouse - La Almunia de Doña Godina (Zaragoza)	2020	1,830	4,328	2,027	4,428
Warehouse - Sisante (Cuenca)	2018	501	2,426	614	2,502
Total mortgage loans		**5,910**	**20,974**	**6,979**	**21,379**

Other current and non-current bank loans comprise bilateral loans arranged by the Parent in December 2015. The outstanding balance on these loans at 30 June 2016 is Euros 100 million (Euros 180 million at 31 December 2015). These loans bear interest at market rates and mature as follows:

Thousands of Euros	2016	2017	2018	Total
30-Jun-16	70,000	10,000	20,000	**100,000**
31-Dec-15	90,000	70,000	20,000	**180,000**

Additionally, other current bank loans comprise a loan of Euros 44,424 thousand made to DIA Brazil (Euros 34,924 thousands at 31 December 2015) and accrues interest at market rates. This item also includes an amount of Euros 18,000 thousand drawn down in the form of current commercial paper which DIA Portugal negotiated with banks.

Other current bank loans at 30 June 2016 include Euros 37,166 thousand of the equity swap carried out with Société Générale on 1 September 2014, which was extended until 30 September 2016 with Banco Santander upon its maturity. At 31 December 2015 this item also includes Euros 5,100 thousand from the equity swap renewed on 21 January 2015 and maturing on 21 January 2016, which was originally signed on 21 December 2011 and which was settled at maturity.

At 30 June 2016 the Group has credit facilities with a limit of Euros 262,326 thousand (Euros 280,074 thousand at 31 December 2015), of which Euros 167,647 thousand had been drawn down at that date (Euros 175,073 at 31 December 2015). The Parent also has a further two credit facilities that had not yet been arranged at 30 June 2016, with a limit of Euros 110,000 thousand (a limit of Euros 90,000 at 31 December 2015). The credit facilities arranged by the Group in 2016 and 2015 accrued interest at market rates.

The maturities of borrowings are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Less than one year	374,140	374,279
One to two years	131,357	82,716
Three to five years	825,987	829,404
Over five years	11,295	8,831
Total	**1,342,779**	**1,295,230**

13.2. Other non-current financial liabilities

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

Thousands of Euros	30/06/2016	31/12/2015
Grants	999	1,306
Other non-current financial liabilities	16,600	16,600
Total grants and other non-current financial liabilities	**17,599**	**17,906**

Other non-current financial liabilities contain the retention made to the sellers from the Eroski stores acquisition during 2015, expiring in 14, 36 and 48 months.

13.3. Trade and other payables

Details are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Suppliers	1,541,045	1,376,937
Advances received from receivables	2,062	1,172
Trade payables	138,768	140,734
Total Trade and other payables	**1,681,875**	**1,518,843**

Suppliers and trade payables essentially comprise current payables to suppliers of merchandise and services, including accepted giro bills and promissory notes.

Trade and other payables do not bear interest.

At 30 June 2016 the Group has reverse factoring facilities with a limit of Euros 675,526 thousand (Euros 673,209 thousand at 31 December 2015), of which Euros 298,992 thousand has been drawn down (Euros 286,149 thousand drawn down at 31 December 2015).

13.4. Other financial liabilities

Details of other financial liabilities are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Personnel	76,451	65,905
Suppliers of fixed assets	72,388	77,235
Other current liabilities	125,688	2,539
Total other liabilities	**274,527**	**145,679**

The increase in other current liabilities is primarily due to the Euros 122,855 thousand dividend pending distribution to the shareholders of the DIA Group's Parent (see notes 12.2 and 21).

14. PROVISIONS

Details of provisions under non-current liabilities are as follows:

Thousands of Euros	Provisions for long-term employee benefits under defined benefit plans	Tax provisions	Social security provisions	Legal contingencies provisions	Other provisions	Total provisions
At 1st January 2015	**2,270**	**33,021**	**14,007**	**16,890**	**19,912**	**86,100**
Translation differences	-	(8)	(490)	(192)	(17)	**(707)**
Charge	215	930	2,546	4,574	1,406	**9,671**
Applications	-	(1)	(2,220)	(2,869)	(455)	**(5,545)**
Reversals	(73)	(848)	(794)	(6,021)	(87)	**(7,823)**
Transfers	-	159	(338)	179	-	**-**
Other movements	33	186	-	-	8	**227**
At 30th June 2015	**2,445**	**33,439**	**12,711**	**12,561**	**20,767**	**81,923**
At 1st January 2016	**2,700**	**24,316**	**12,094**	**9,291**	**3,102**	**51,503**
Translation differences	-	(19)	929	260	(43)	**1,127**
Charge	157	85	4,250	1,829	526	**6,847**
Applications	-	-	(1,488)	(1,107)	(197)	**(2,792)**
Reversals	(327)	(283)	(5,631)	(3,901)	(147)	**(10,289)**
Other movements	30	55	-	-	5	**90**
At 30th June 2016	**2,560**	**24,154**	**10,154**	**6,372**	**3,246**	**46,486**

At 30 June 2016 the tax provisions to cover inspection-related risks amount to Euros 24,154 thousand (Euros 24,316 thousand at 31 December 2015).

At 30 June 2016 this item includes provisions for lawsuits filed by employees (related to social security contributions) amounting to Euros 10,154 thousand (Euros 12,094 thousand at 31 December 2015). Provisions booked in the first six months of 2016 in this regard include Euros 2,653 thousand for employment-related contingencies in Brazil. Reversals mainly comprise provisions of Euros 3,690 thousand recognised by the Parent to cover the risks derived from the sale of DIA France.

Provisions for litigation with third parties (legal contingencies) amount to Euros 6,372 thousand at 30 June 2016, while provisions for this item amounted to Euros 9,291 thousand at 31 December 2015. Reversals of non-current provisions in the first six months of 2016 mainly relate to provisions of Euros 2,881 thousand recognised by the Parent to cover the risks derived from the sale of DIA France.

15. TAX ASSETS AND LIABILITIES AND INCOME TAX

Details of tax assets and liabilities at 30 June 2016 and 31 December 2015 are as follows:

Thousands of Euros	30-jun-2016	31-dec-2015
Deferred tax assets	271,104	271,480
Taxation authorities, VAT	31,070	41,160
Taxation authorities	28,363	28,314
Current income tax assets	8,464	49,663
Total tax assets	**339,001**	**390,617**
Deferred tax liabilities	5,115	3,193
Taxation authorities, VAT	32,866	55,475
Taxation authorities	36,289	37,464
Current income tax liabilities	4,314	4,111
Total tax liabilities	**78,584**	**100,243**

The Spanish companies Distribuidora Internacional de Alimentación, S.A. (Parent), Twins Alimentación, S.A., Pe-Tra Servicios a la Distribución, S.L., Beauty by DIA, S.A., Grupo El Árbol, Distribución y Supermercados S.A., Compañía Gallega de Supermercados S.A. and Dia Eshopping, S.L. (subsidiaries) file consolidated tax returns at 30 June 2016, pursuant to Title VII, Chapter VI of the Spanish Corporate Income Tax Law 27/2014 of 27 November 2014.

Since 1 January 2015, the Spanish companies Grupo El Árbol, Distribución y Supermercados S.A. and Compañía Gallega de Supermercados S.A. have filed joint VAT returns with Distribuidora Internacional de Alimentación, S.A., Twins Alimentación, S.A. and Beauty by DIA, S.A. under the special regime for groups of companies set forth in Title IX, Chapter IX of Law 37/1992 of 28 December 1992 on Value Added Tax.

The effective tax rate at 30 June 2016 is 22.02%, while the effective tax rate applied at 30 June 2015 was 28.28%. Under the corporate income tax reform approved in Spain through Law 27/2014 of 27 November 2014 the corporate income tax rate has been lowered from 30% in 2014 to 28% for 2015 and 25% for 2016 and subsequent years.

Details of the income tax expense recognised in the income statement are as follows:

Thousands of Euros	30-jun-2016	30-jun-2015
Current income taxes		
Current period	13.230	21.037
Prior periods' current income taxes	(559)	1.041
Total current income taxes	**12.671**	**22.078**
Deferred taxes		
Source of taxable temporary differences	4.366	1.395
Source of deductible temporary differences	(10.350)	(4.639)
Reversal of taxable temporary differences	(1.404)	(3.804)
Reversal of deductible temporary differences	11.666	9.958
Total deferred taxes	**4.278**	**2.910**
TOTAL INCOME TAX	**16.949**	**24.988**

The interim income tax expense has been calculated using the tax rate expected to apply to the total income budgeted for the year, i.e. the annual average effective tax rate expected to apply to pre-tax income for the interim period.

The parent company has received at 30 June 2016 a notification from the Tax Authorities communicating the beginning of a tax inspection. The Directors do not expect more relevant additional liabilities to arise for the whole consolidated financial statements.

16. SHARE-BASED PAYMENT TRANSACTIONS

The costs recognised in the consolidated income statement in respect of the 2011-2014, 2014-2016 and 2016-2018 long-term incentive plans in force during the first half of 2016 amounted to Euros 10,132 thousand (Euros 4,003 thousand in the same period of 2015) and are included under personnel expenses in the consolidated income statement. In each case the balancing entry has been recognised under other own equity instruments.

Deliveries made during the first six months of 2016 have led to a net movement in other equity instruments of Euros 4,906 thousand, reflecting the delivery of 782,739 own shares (see note 12.3 (a)).

Likewise, during the first six months of 2016, as well as the previous period, Euros 250 thousands has been accrued as remuneration to directors.

17. OTHER INCOME AND EXPENSES

17.1. Other income

Details of other income are as follows:

Thousands of Euros	30/06/2016	30/06/2015
Fees and interest to finance companies (note 6.1)	789	1,025
Service and quality penalties	14,469	12,345
Revenue from lease agreements	13,095	10,813
Other revenue from franchises	6,748	5,614
Revenue from commercial fees from concessions	396	402
Other income	15,082	11,616
Total other operating income	**50,579**	**41,815**

17.2. Merchandise and other consumables used

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

17.3. Personnel expenses

Details of personnel expenses are as follows:

Thousands of Euros	30/06/2016	30/06/2015
Salaries and wages	322,046	316,422
Social Security	82,789	81,197
Defined contribution plans	(166)	127
Expenses for share-based payment transactions	10,446	4,380
Other employee benefits expenses	9,088	10,661
Total personnel expenses	**424,203**	**412,787**

17.4. Operating expenses

Details of operating expenses are as follows:

Thousands of Euros	30/06/2016	30/06/2015
Repairs and maintenance	24,312	26,856
Utilities	42,964	42,372
Fees	12,321	13,404
Advertising	29,214	26,869
Taxes	11,605	12,116
Rentals, property	151,588	145,131
Rentals, equipment	3,031	4,368
Other general expenses	38,847	54,240
Total operating expenses	**313,882**	**325,356**

17.5. Amortisation, depreciation and impairment

Details are as follows:

Thousands of Euros	30/06/2016	30/06/2015
Amortisation of intangible assets (note 5.2)	5,046	3,916
Depreciation of property, plant and equipment (note 4)	109,056	98,456
Total amortisation and depreciation	**114,102**	**102,372**
Impairment of intangible assets and goodwill (note 5)	194	(36)
Impairment of property, plant and equipment (note 4)	1,695	2,608
Total impairment	**1,889**	**2,572**

17.6. Gains and losses on the disposal of fixed assets

Net losses incurred on asset disposals amounted to Euros 3,969 thousand in the first half of 2016 and Euros 3,562 thousand in the same period of 2015. In Spain, losses totalled Euros 2,033 thousand in the first half of 2016 and Euros 1,275 thousand in the first half of 2015. These amounts relate mainly to property, plant and equipment and reflect the transformation of stores to the new formats.

Proceeds from the sale of property, plant and equipment amounted to Euros 1,803 thousand in the first half of 2016 and Euros 1,339 thousand in the same period of 2015.

17.7. Net finance income

Details of finance income are as follows:

Thousands of Euros	30/06/2016	30/06/2015
Interest on other loans and receivables (note 6.1)	1,177	1,025
Exchange gains (note 17.8)	1,080	1,161
Change in fair value of financial instruments	1,651	532
Other finance income	975	659
Total financial income	**4,883**	**3,377**

Details of finance costs are as follows:

Thousands of Euros	30/06/2016	30/06/2015
Interest on bank loans	6,913	8,229
Intereses on debentures and bonds	4,954	4,402
Finance expenses for finance leases (note 4)	2,324	687
Exchange losses (note 17.8)	952	1,668
Change in fair value of financial instruments	90	228
Other finance expenses	17,061	14,554
Total financial expenses	**32,294**	**29,768**

At 30 June 2016 and 2015, interest on bank loans, mortgage loans and syndicated loans includes the finance costs associated with bank loans, primarily in Spain and Brazil.

Other finance costs at 30 June 2016 and 2015 primarily reflect the bank debit and credit interest rates in Argentina linked to its revenues.

17.8. Foreign currency transactions

Foreign currency transactions carried by DIA Group during this six months period ended at 30 June 2016 and 2015 are not significant. However, details of exchange differences arising on transactions in foreign currency are as follows:

Thousands of Euros	30/06/2016	30/06/2015
Currency exchange losses (note 17.7)	(952)	(1,668)
Currency exchange gains (note 17.7)	1,080	1,161
Trade exchange losses	(533)	(555)
Trade exchange gains	598	1,186
Total	**193**	**124**

17.9. Non-recurring income and expenses

Details of non-recurring income and expenses classified according to their nature in the income statement are as follows:

Thousands of Euros	30/06/2016	30/06/2015
Commercial margin	(904)	(3,057)
Personnel expenses	37,827	33,995
Operating expenses	6,051	11,987
Amortisation and depreciation	-	306
Total non-current expenses	**42,974**	**43,231**

These expenses and income reflect non-recurring items relating, inter alia, to the reorganisation of the Group, improvements in the productivity and efficiency of processes, the integration of the companies and acquired assets expenses, as well as those related to incentive plans amounting to Euros 10,132 thousands.

18. COMMITMENTS AND CONTINGENCIES

a) Commitments

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

Off-balance-sheet cash commitments comprise:

- available credit and syndicated loan facilities which were unused at the reporting date;

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

Expansion operation commitments were undertaken for expansion at Group level.

Details of these commitments, in thousands of Euros, are as follows:

18.1. Pledged:

Thousands of Euros at 30th June 2016	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	39,023	56	544	11,196	50,819
Credit facilities to customers (finance companies)	78,798	-	-	-	78,798
Cash	**117,821**	**56**	**544**	**11,196**	**129,617**
Purchase options	9,630	-	20,642	37,725	67,997
Commitments related to commercial contracts	18,751	4,162	2,495	11	25,419
Other commitments	2,520	3,388	1,450	22,823	30,181
Transactions / properties / expansion	**30,901**	**7,550**	**24,587**	**60,559**	**123,597**
Total	**148,722**	**7,606**	**25,131**	**71,755**	**253,214**

Thousands of Euros at 30th June 2015	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	20,333	-	1,349	10,077	31,759
Credit facilities to customers (finance companies)	77,544	-	-	-	77,544
Cash	**97,877**	**-**	**1,349**	**10,077**	**109,303**
Purchase options	-	-	31,906	38,988	70,894
Commitments related to commercial contracts	15,446	4,198	2,577	70	22,291
Other commitments	32,078	3,224	6,596	22,823	64,721
Transactions / properties / expansion	**47,524**	**7,422**	**41,079**	**61,881**	**157,906**
Total	**145,401**	**7,422**	**42,428**	**71,958**	**267,209**

Furthermore, future minimum lease payments under operating leases for real estate at 30 June 2016 and 31 December 2015 are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Less than one year	98,652	100,907
One to five years	83,151	80,458
Over five years	26,715	31,556
Total	**208,518**	**212,921**

Future minimum lease payments under operating leases for movable goods at 30 June 2016 and 31 December 2015 are as follows:

Thousands of Euros	30/06/2016	31/12/2015
Less than one year	5,322	4,804
One to five years	4,013	4,722
Over five years	16	-
Total	**9,351**	**9,526**

18.2. Received:

Thousands of Euros at 30th June 2016	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	94,679	-	-	-	94,679
Available sindicated revolving credit facilities	601,000	-	-	-	601,000
Available confirming lines	376,534	-	-	-	376,534
Available commercial paper facilities	52,000	-	-	-	52,000
Cash	**1,124,213**	**-**	**-**	**-**	**1,124,213**
Guarantees received for commercial contracts	33,098	5,625	20,341	30,344	89,408
Other commitments	-	-	-	162	162
Transactions / properties / expansion	**33,098**	**5,625**	**20,341**	**30,506**	**89,570**
Total	**1,157,311**	**5,625**	**20,341**	**30,506**	**1,213,783**

Thousands of Euros at 30th June 2015	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	119,555	-	-	-	119,555
Available revolving credit facilities	350,000	-	-	-	350,000
Available confirming lines	374,804	-	-	-	374,804
Available commercial paper facilities	69,000	-	-	-	69,000
Cash	**913,359**	**-**	**-**	**-**	**913,359**
Guarantees received for commercial contracts	29,247	7,359	23,264	26,843	86,713
Other commitments	-	-	-	162	162
Transactions / properties / expansion	**29,247**	**7,359**	**23,264**	**27,005**	**86,875**
Total	**942,606**	**7,359**	**23,264**	**27,005**	**1,000,234**

b) Contingencies

During 2014 DIA Brazil was inspected by the local taxation authorities, as a result of which it has received two additional tax assessments, one amounting to Euros 11,954 thousand (BRL 43,054 thousand) in relation to a discrepancy concerning tax on revenues from discounts received from suppliers, and another amounting to Euros 69,564 thousand (BRL 250,551 thousand) in relation to the recognition of movements of goods and the consequent impact on inventories.

During the first six months of 2016, the initial administrative ruling on the first discrepancy concerning revenues from suppliers was unfavourable, however legal defence has been initiated and legal counsel believe there are sufficient grounds to win a ruling favourable to DIA Brazil. With regard to the second assessment in relation to mentioned movements, the Group is assisting the local tax authorities in clarifying all movements of goods, these having been made in accordance with the criteria followed in all the countries in which the DIA Group operates. Accordingly, litigation risk in this regard is considered remote. Given that the litigation risk associated with these lawsuits has been considered remote, based on the analyses of the legal experts advising the Group, no provision has been made in this regard.

19. RELATED PARTIES

Details of related party balances and transactions are as follows:

Transactions and balances with ICDC

Transactions with ICDC in the first half of 2016 totalled Euros 1,696 thousand and primarily consisted of commercial transactions and accounts receivable. The balance with ICDC amounts to Euros 1,714 thousand. (see note 6.2)

Transactions with directors and senior management personnel

The Parent's directors received remuneration of Euros 500 thousand for their role as directors in the six-month period ended 30 June 2016 (Euros 500 thousand in the first half of 2015).

In the six-month period ended 30 June 2016, the Group recognised salaries accrued by directors and other senior executives amounting to Euros 2,348 thousand (Euros 2,134 thousand in the first half of 2015) and Euros 284 thousand in the form of shares (Euros 8,177 thousand in the first half of 2015).

At 30 June 2016 and 2015 no advances or loans have been received by senior management personnel or directors, nor has the Group extended any guarantees on their behalf.

20. OTHER INFORMATION

Employee Information

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

	30/06/2016	30/06/2015
Management	208	204
Middle management	1,622	1,552
Other employees	40,395	39,867
Total	**42,225**	**41,623**

21. EVENTS AFTER THE REPORTING PERIOD

On 14 July 2016 DIA paid out a dividend for a gross amount of Euros 0.20 per share. The total amount of this dividend was Euros 122.2 million (see note 12.2).

On 22 July 2016 DIA paid Euros 7,500 thousand for the second coupon of the notes mentioned in note 13.1.

In July 2016 the Group has purchased 3,179,000 own shares amounting to Euros 15,855 thousand to cover the 2016-2018 long-term incentive plan (LTIP) approved by the shareholders at the ordinary general meeting held on 22 April 2016 as remuneration for Group executives.

Distribuidora Internacional de Alimentación, S.A. Edificio TRIPARK – Parque Empresarial – C/ Jacinto Benavente 2A 28232 Las Rozas de Madrid – Madrid
Tel.: +34 91 398 54 00 – Fax: +34 91 555 77 41 – www.diacorporate.com
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DIRECTORS' REPORT

SALES

Net sales in H1 2016 decreased by 2.3% to EUR4.24bn, but grew by 10.7% in local currency.

The depreciation of the Brazilian Real and Argentinean Peso were reflected in a forex effect of 13% on net sales growth.

OPERATING RESULTS

Adjusted EBITDA climbed by 6.8% (ex-currency) in H1 2016, with respective hikes of 1.4% and 37.5% in Iberia and Emerging Markets (-5.1% in Euros). Adjusted EBITDA was EUR267.3m, 0.4% higher than the figure released in the same period last year.

The adjusted EBITDA margin rose by 17bps in the first half of the year to 6.3%, supported by the good progress in emerging markets and reflecting the positive mix effect of currency depreciation.

Adjusted EBIT slid by 1.5% at constant currency and 6.6% in Euros to EUR153.2m, with 17bps decline in the margin over net sales to 3.6%. Adjusted EBIT was affected by the increased depreciation in Iberia mainly due to acquisitions.

Non-recurring items slid by 1.1% to EUR48.8m in H1 2016. The non-recurring items of the period corresponded to the remodelling and restructuring activity the company has been completing during the period. As restructuring plans are concentrated into the start of the year, the volume of non- recurring items is expected to be significantly lower in the second half of the year.

Non-recurring cash items slid by 0.6% in H1 2016 to EUR43.0m.

The accrued expenses related to the Long-Term Incentive Plans represented EUR10.2m in the first half of 2016.

NET PROFIT

Net profit decreased by 5.6% to EUR59.8m in H1 2016 with an effective tax rate of 22.1%.

Underlying net profit amounted to EUR96.2m in H1 2016, 5.0% down.

Thousands of Euros	30/06/2016	%	INC	FX effect	INC w/o FX
Net sales	**4,243.1**	**100.0%**	**-2.3%**	**-13.0%**	**10.7%**
Cost of sales & other income	(3,280.7)	-77.3%	-3.0%	-13.9%	10.8%
Gross profit	**962.5**	**22.7%**	**0.4%**	**-9.8%**	**10.3%**
Labour costs	(386.4)	-9.1%	2.1%	-10.2%	12.3%
Other operating expenses	(158.3)	-3.7%	-8.8%	-16.8%	8.0%
Real estate rents	(150.5)	-3.5%	7.5%	-6.8%	14.3%
Adjusted EBITDA (1)	**267.3**	**6.3%**	**0.4%**	**-6.3%**	**6.8%**
D&A	(114.1)	-2.7%	11.8%	-8.2%	20.0%
Adjusted EBIT (1)	**153.2**	**3.6%**	**-6.6%**	**-5.1%**	**-1.5%**
Non-recurring items	(48.8)	-1.2%	-1.1%	-5.0%	3.9%
Non-recurring cash items	(32.8)	-0.8%	-16.2%	-	-
Long-Term Incentive Plans	(10.2)	-0.2%	146.9%	-	-
Other non-recurring items	(5.9)	-0.1%	-4.5%	-	-
EBIT	**104.4**	**2.5%**	**-9.0%**	**-5.2%**	**-3.8%**
Net financial income/expenses	(27.4)	-0.6%	3.9%	-43.9%	47.8%
EBT	**76.7**	**1.8%**	**-13.1%**	**6.4%**	**-19.5%**
Income taxes	(16.9)	-0.4%	-32.2%	4.9%	-37.1%
Consolidated profit	**59.8**	**1.4%**	**-5.6%**	**7.0%**	**-12.6%**
Net attributable profit	**59.8**	**1.4%**	**-5.6%**	**7.0%**	**-12.6%**
Underlying net profit	**96.2**	**2.3%**	**-5.0%**	**2.3%**	**-7.3%**

(1) Adjusted by non-recurring items

UNDERLYING NET PROFIT

Thousands of Euros	30/06/2016	30/06/2015	INC	FX effect	INC w/o FX
Net attributable profit	59.8	63.4	-5.6%	7.0%	-12.6%
Non-recurring items	48.8	49.4	-1.1%	-5.0%	3.9%
Other financials	1.1	1.4	-18.2%	-	-
Taxes	(13.6)	(12.9)	5.8%	106.3%	-100.4%
Underlying net profit	**96.2**	**101.3**	**-5.0%**	**2.3%**	**-7.3%**

TREASURY STOCK & EPS

Thousands of Euros	30/06/2016	30/06/2015	INC
Number of shares outstanding	622,456,513	651,070,558	-4.4%
Average number of treasury shares	7,802,400	12,975,706	-39.9%
End of period number of treasury shares	8,222,043	22,737,743	-63.8%
Weighted average number of shares	614,654,113	638,094,852	-3.7%
EPS	**€0.097**	**€0.099**	**-2.0%**
Underlying EPS	**€0.156**	**€0.159**	**-1.4%**

Underlying EPS at constant currency would have decreased by 3.8% in H1 2016 to EUR0.153 per share

▪ WORKING CAPITAL

The value of the group's trade working capital declined by 9.7% in Euros during the last twelve months, but was almost flat at constant currency.

The 13.9% increase (ex-currency) accumulated in the value of inventories was related with the new integration of the Eroski stores, the improved assortment of the remodelled stores and the new openings.

Thousands of Euros	30/06/2016	INC	INC w/o FX
Inventories	624.1	3.8%	13.9%
Trade & other receivables	333.3	-8.7%	-3.6%
Trade & other payables	(1,682.4)	-4.9%	3.9%
Total working capital	**(725.0)**	**-9.7%**	**-0.2%**

▪ NET DEBT

Net debt at the end of the first half of 2016 was EUR1,123.6m, which is slightly lower (EUR8.8m down) than net debt held at end 2015, which compares with a EUR109m normalised increase historically reported in the first half of the year.

The EUR211.6m rise in net debt reflected in the last twelve months is almost fully due to the acquisitions in 2015 (only EUR106.1m of the EUR197m invested in the acquisition and remodelling of Eroski stores were accounted in H1 2015) and the partial execution of the share buy- back in H1 2015 (EUR103.6m out of EUR200m finally invested in 2015).

The significant investment effort in Argentina and Brazil led to a total net debt position of EUR49.6m at the end of the June 2016, which is EUR51.7m higher than same period last year.

The ratio of net debt over last twelve months' adjusted EBITDA was 1.8x, starting to go down from the highest leverage rate of 1.9x published at the end of 2015.

H1 2016 cash-flow generation is on track to meet cash-flow generation targets the company has set for the 2016-18 period.

Thousands of Euros	30/06/2016	31/12/2015	30/06/2015
Net debt	1,123.6	1,132.4	912.0
Net debt / Adj. EBITDA LTM	1,8x	1,9x	1,5x

▪ STORE COUNT AND CAPEX

NUMBER OF STORES

According to the integration and restructuring process of El Arbol, in the first half of 2016 a total of 83 stores were upgraded to La Plaza and 40 stores were closed down during the period.

In H1 2016, Iberia increased the number of Dia banner stores operated under franchised models by 75, totalling 2,258, which represents 57.1% of the banner.

In Emerging Markets, 66.8% of the DIA banner stores are already operated by local entrepreneurs.

Over the last twelve months, the DIA network increased by 355 net stores, of which 106 in Brazil and 111 in Argentina.

IBERIA	30/06/2016 COCO	Franchise	Total	%	30/06/2015 COCO	Franchise	Total	%	INC
DIA Market	1,017	1,868	2,885	51.9%	1,061	1,713	2,774	51.1%	111
Cada DIA / Mais Perto	-	299	299	5.4%	-	270	270	5.0%	29
Total DIA Market	**1,017**	**2,167**	**3,184**	**56.1%**	**1,061**	**1,983**	**3,044**	**56.1%**	**140**
DIA Maxi	682	91	773	13.9%	689	68	757	13.9%	16
Total banner stores	**1,699**	**2,258**	**3,957**	**70.0%**	**1,750**	**2,051**	**3,801**	**70.0%**	**156**
% of DIA banner	42.9%	57.1%	100.0%	-	46.0%	54.0%	100.0%	-	-
El Arbol / La Plaza	395	-	395	7.1%	455	-	455	8.4%	(60)
Clarel	1,132	77	1,209	21.7%	1,148	24	1,172	21.6%	37
Total Iberia stores	**3,226**	**2,335**	**5,561**	**100.0%**	**3,353**	**2,075**	**5,428**	**100.0%**	**133**
% of Iberia stores	58.0%	42.0%	100.0%	-	61.8%	38.2%	100.0%	-	-

EMERGING	30/06/2016 COCO	Franquicia	Total	%	30/06/2015 COCO	Franquicia	Total	%	INC
DIA Market	566	1,138	1,704	77.4%	515	1,013	1,528	77.2%	176
Cada DIA / Mais Perto	-	278	278	12.6%	-	206	206	10.4%	72
Total DIA Market	**566**	**1,416**	**1,982**	**90.0%**	**515**	**1,219**	**1,734**	**87.6%**	**248**
DIA Maxi	165	54	219	10.0%	151	94	245	12.4%	(26)
Total Emerging stores	**731**	**1,470**	**2,201**	**100.0%**	**666**	**1,313**	**1,979**	**100.0%**	**222**
% of Emerging stores	33.2%	66.8%	100.0%	-	33.6%	66.4%	100.0%	-	-

TOTAL GRUPO	30/06/2016 COCO	Franquicia	Total	%	30/06/2015 COCO	Franquicia	Total	%	INC
DIA Market	1,583	3,006	4,589	59.1%	1,576	2,726	4,302	58.1%	287
Cada DIA / Mais Perto	-	577	577	7.4%	-	476	476	6.4%	101
Total DIA Market	**1,583**	**3,583**	**5,166**	**66.6%**	**1,576**	**3,202**	**4,778**	**64.5%**	**388**
DIA Maxi	847	145	992	12.8%	840	162	1,002	13.5%	(10)
Total banner stores	**2,430**	**3,728**	**6,158**	**79.3%**	**2,416**	**3,364**	**5,780**	**78.0%**	**378**
% of DIA banner	39.5%	60.5%	100.0%	-	41.8%	58.2%	100.0%	-	-
El Arbol / La Plaza	395	-	395	5.1%	455	-	455	6.1%	(60)
Clarel	1,132	77	1,209	15.6%	1,148	24	1,172	15.8%	37
Total DIA stores	**3,957**	**3,805**	**7,762**	**100.0%**	**4,019**	**3,388**	**7,407**	**100.0%**	**355**
% DIA stores	51.0%	49.0%	100.0%	-	54.3%	45.7%	100.0%	-	-

CAPEX

DIA invested EUR180.1m in H1 2016, 2.3% less than same period last year when excluding the investment related to the Eroski asset deal. In Iberia, capital expenditure rose by 26.8% due to the remodelling efforts, which were concentrated into the first half of the year.

In the emerging markets investment declined by 51% in Euro due to the depreciation of the Argentinean Peso and Brazilian Real. However, DIA remains committed to its expansion plans in both countries, as reflected in the 11.8% increase in investment (in local currency) accumulated in Brazil in the H1 2016.

Thousands of Euros	30/06/2016	%	INC	INC w/o FX
Iberia	146.8	81.5%	26.8%	26.8%
Emerging markets	33.3	18.5%	-51.3%	-29.2%
Total Capex	**180.1**	**100.0%**	**-2.3%**	**6.0%**

BUSINESS REVIEW BY GEOGRAPHY

IBERIA

Net sales climbed by 2.1% in H1 2016 to EUR2.827bn, due to the new consolidation of the Eroski stores and positive comparable sales in the period. However, organic sales were hit by the busy store restructuring and remodeling timetable during the first half of the year (231 stores remodeled) and the ongoing transfer of stores to the franchised model.

Adjusted EBITDA grew by 1.4% in H1 2016 to EUR229.9m, with a margin over net sales of 8.13%, broadly unchanged versus H1 2015 despite the dilutive effect of the contribution of Eroski stores.

Depreciation increased by 15.7% in Iberia due to recent acquisitions.

Adjusted EBIT declined by 6.0% in the first half of 2016 to EUR140.2m, reflecting a 43bps decrease in margin over net sales to 4.96%.

Thousands of Euros	30/06/2016	INC
Net sales	2,827.3	2.1%
Adjusted EBITDA (1)	229.9	1.4%
Adjusted EBITDA margin	8.13%	-6 bps
D&A	(89.7)	15.7%
Adjusted EBIT (1)	140.2	-6.0%
Adjusted EBIT margin	4.96%	-43 bps

(1) Adjusted by non-recurring items

EMERGING MARKETS

In H1 2016, net sales in emerging markets increased by 25.8% in local currency, but declined by 10.0% in Euros due to the depreciation of the Brazilian Real and the Argentinean Peso in the period (-23.0% and -38.1% respectively).

Adjusted EBIT rose by 43.8% ex-currency but slid by 12.5% in Euros to EUR13.1m.

The adjusted EBITDA margin climbed by 14bps in H1 2016 to EUR2.65%. The adjusted EBIT margin was almost flat at 0.92%, with a negligible decline of 3 bps in the ratio over net sales.

Thousands of Euros	30/06/2016	INC w/o FX	INC
Net sales	1,415.9	25.8%	-10.0%
Adjusted EBITDA (1)	37.5	37.5%	-5.1%
Adjusted EBITDA margin	2.65%	-	14 bps
D&A	(24.4)	-	-0.6%
Adjusted EBIT (1)	13.1	43.8%	12.5%
Adjusted EBIT margin	0.92%	-	-3 bps

(1) Adjusted by non-recurring items

▪ SALES BY COUNTRY

Gross sales under banner in H1 2016 amounted to EUR5.038bn, with 8.4% comparable growth after excluding a 0.2% positive calendar effect.

GROSS SALES UNDER BANNER

Thousands of Euros	30/06/2016	%	INC w/o FX	FX effect	INC
Spain	2,939.8	58.4%	3.7%	-	3.7%
Portugal	402.5	8.0%	0.7%	-	0.7%
Total Iberia	**3,342.3**	**66.3%**	**3.4%**	**-**	**3.4%**
Argentina	760.7	15.1%	37.6%	-53.3%	-15.7%
Brazil	821.9	16.3%	18.2%	-23.2%	-5.0%
China (Shanghai)	113.2	2.2%	5.3%	-5.1%	0.3%
Total Emerging markets	**1,695.8**	**33.7%**	**26.7%**	**-36.5%**	**-9.8%**
Total DIA	**5,038.1**	**100.0%**	**12.0%**	**-13.4%**	**-1.5%**

NET SALES

Thousands of Euros	30/06/2016	%	INC w/o FX	FX effect	INC
Spain	2,503.1	59.0%	2.6%	-	2.6%
Portugal	324.2	7.6%	-1.7%	-	-1.7%
Total Iberia	**2,827.3**	**66.6%**	**2.1%**	**-**	**2.1%**
Argentina	606.5	14.3%	37.6%	-53.3%	-15.7%
Brazil	714.2	16.8%	17.3%	-23.1%	-5.8%
China (Shanghai)	95.1	2.2%	4.9%	-5.1%	-0.2%
Total Emerging markets	**1,415.8**	**33.4%**	**25.8%**	**-35.8%**	**-10.0%**
Total DIA	**4,243.1**	**100,0%**	**10.7%**	**-13.0%**	**-2.3%**

▪ GLOSSARY

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

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

LFL sales growth under banner: growth rate of gross sales under banner at constant currency of the stores that have been operating for more than thirteen months under the same business conditions.

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

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

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

Reported EPS: fraction of the company's profit calculated as net attributable profit divided by the weighted average number of shares.

Underlying EPS: fraction of the company's profit calculated as underlying net profit divided by the weighted average number of shares.

Cash From Operations: adjusted EBITDA less non-recurring cash items less recurrent Capex.

▪ OTHER INFORMATION

- Risks and uncertainties

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 corporate 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:

• Financial risks factors

The Group's Global Risk Management Policies focuses on uncertainty in the financial markets and aim to minimise potential adverse effects on the Group and shareholders' profits.

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.

a) Currency risk

Currency risk is associated with commercial and financial flows in a currency other than the accounting currency. The Group operates internationally and is therefore exposed to currency risks.

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

During the H1 2016 and 2015 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 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, Chinese Yuan and Brazilian Reales is mitigated primarily through borrowings in the corresponding foreign currencies.

b) 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 associated with a lower risk, because there are settle in cash or by credit card.

Derivative and cash transactions are only performed with financial institutions that have high credit ratings with applicable ranting BBB. In the countries which the rating is lower than this classification, the Group performs with local financial institutions that have high credit ratings, according local standards. The Group has policies to limit the amount of risk with any one financial institution.

c) Liquidity risk

The Group applies a cautious policy to cover its liquidity risks, ensuring the compliance of the commercial and financing payment commitments acquired, for a minimum period of 12 months, covering the financial needs by recurring generation of cash in their business, as well as the long-term loans and financing lines contracts.

d) Rate risks

The Group's Rate risks arise from the fluctuations of the rates that affects to the financial costs of the long-term debt issued at variable rates.

The Group performs several hedging transactions to mitigate interest rate exposure under its Risk Management Policy.

Moreover, the Group's Policy for financial assets is to keep them ready to liquidity for use. These amounts are held on first level financial entities.

As the Group does not have a considerable amount of remunerated assets, income and cash flows from operating activities are mostly external from fluctuations in market interest rates.

- **Environmental issues**

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

- **Research and development expenses**

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

- **Parent company own shares**

During the first half of 2016 Group executives have received 782,739 shares (amounting to Euros 5,123 thousand) as remuneration under the multi-year incentive plan and the 2011–2014 Long Term Incentive Plan (see note 16 of the interim condensed financial statements), and the Group has purchased 821,000 own shares amounting to Euros 4,048 thousand to cover the 2016-2018 long-term incentive plan approved by the shareholders at the ordinary general meeting held on 22 April 2016.

At 30 June 2016 the Group holds 8,222,043 own shares of the Parent with an average purchase price of Euros 6.3836 per share, representing a total amount of Euros 52,485,947.23, which are earmarked to meet share obligations with executives under the plans described in note 16 of the interim condensed financial statements.

- **Events after the reporting period**

On 14 July 2016 DIA paid out a dividend for a gross amount of Euros 0.20 per share. The total amount of this dividend was Euros 122.2 million (see note 12.2 of the interim condensed financial statements).

On 22 July 2016 DIA paid Euros 7,500 thousand for the second coupon of the notes mentioned in note 13.1 of the interim condensed financial statements.

In July 2016 the Group has purchased 3,179,000 own shares amounting to Euros 15,855 thousand to cover the 2016-2018 long-term incentive plan (LTIP) approved by the shareholders at the ordinary general meeting held on 22 April 2016 as remuneration for Group executives.