

**Compañía de
Distribución Integral
Logista Holdings, S.A.
and Subsidiaries**

Interim Condensed Consolidated
Financial Statements for the six-month
period ended 31 March 2017, together
with Report on Limited Review

*Translation of a report originally issued in Spanish
based on our work performed in accordance with the
audit regulations in force in Spain. In the event of a
discrepancy, the Spanish-language version prevails.*

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REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Compañía de Distribución Integral Logista Holdings, S.A.

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Compañía de Distribución Integral Logista Holdings, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the interim condensed consolidated balance sheet as at 31 March 2017, and the interim condensed consolidated income statement, interim condensed consolidated statement of recognised income and expense, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of the interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

Our limited review was performed 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 certain analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it 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 opinion on the accompanying interim condensed consolidated financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 31 March 2017 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim financial statements.

Emphasis of matter paragraph

We draw attention to Note 1 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 30 September 2016. This matter does not affect our conclusion.

Report on Other Legal and Regulatory Requirements

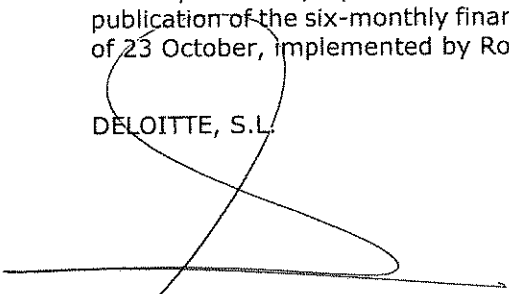
The accompanying interim consolidated directors' report for the six-month period ended as at 31 March 2017 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the interim condensed consolidated financial statements, as well as the required information pursuant to Article 12 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim condensed consolidated financial statements for the six-month period ended as at 31 March 2017. Our work as auditors was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries.

Paragraph on other matters

This report was prepared at the request of the Board of Directors of the Parent in relation to the publication of the six-monthly financial report as required by Article 119 of Securities Market Law 4/2015, of 23 October, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.



José Luis Aller
26 April 2017



Raúl Llorente Adrián
26 April 2017

Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries

Interim Condensed Consolidated
Financial Statements for the period
ended 31 March 2017 and Interim
Directors' Report

*Translation of interim condensed consolidated
financial statements originally issued in Spanish
and prepared in accordance with IAS 34 as
adopted by the European Union (see Note 1b). In
the event of a discrepancy, the Spanish-language
version prevails.*

COMPañA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, SA AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2017 AND 30 SEPTEMBER 2016
(Thousands of Euros)

ASSETS	Note	31-03-2017	30-09-2016	EQUITY AND LIABILITIES	Note	31-03-2017	30-09-2016
NON-CURRENT ASSETS:				EQUITY:			
Property, plant and equipment	5	188,793	189,841	Share capital	8	26,560	26,560
Investment property		18,587	18,732	Share premium		867,808	867,808
Goodwill	4	923,958	919,104	Reserves of the Parent		15,738	10,828
Other intangible assets	4	575,286	602,363	Reorganisation reserves		(763,349)	(753,349)
Investments in associates		2,175	1,401	Reserves at consolidated companies		214,824	223,914
Other non-current financial assets	6	4,711	27,182	Translation differences		115	107
Deferred tax assets		20,057	22,399	Reserve for first-time application of IFRSs		19,950	19,950
		1,733,587	1,781,022	Consolidated profit for the period		-	(33,119)
Total non-current assets				Interim dividend		(8,192)	(5,032)
				Treasury shares		460,034	489,736
				Equity attributable to shareholders of the Parent	8	2,054	2,132
				Minority interests		462,088	491,868
				Total equity			
				NON-CURRENT LIABILITIES:			
CURRENT ASSETS:				Other non-current financial liabilities	7	4,731	4,743
Inventories		1,045,588	1,085,829	Other non-current liabilities	19	19	19
Trade and other receivables		1,635,800	1,777,162	Other non-current liabilities	9	40,425	32,830
Tax receivables		22,291	7,596	Long-term provisions		312,117	328,717
Other current financial assets	6	1,814,100	2,039,101	Deferred tax liabilities		357,292	366,309
Cash and cash equivalents		131,109	23,625	Total non-current liabilities			
Other current assets		16,017	8,382				
		4,564,905	4,941,695	CURRENT LIABILITIES:			
Total current assets				Other current financial liabilities	7	33,398	33,627
				Trade and other payables		922,465	888,055
				Tax payables		4,469,586	4,784,977
				Short-term provisions		15,442	17,138
				Other current liabilities	9	138,214	140,843
NON-CURRENT ASSETS HELD FOR SALE		13	100	Total current liabilities		5,579,105	5,864,540
TOTAL ASSETS		6,398,485	6,722,817	TOTAL EQUITY AND LIABILITIES		6,398,485	6,722,817

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated balance sheet at 31 March 2017

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.
AND SUBSIDIARIES**

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SIX MONTHS PERIODS ENDED

31 MARCH 2017 AND 2016

(Thousands of Euros)

	Note	31-03-2017	31-03-2016
Revenue	12	4,526,982	4,574,931
Procurements		(4,015,071)	(4,076,534)
Gross profit		511,911	498,397
Cost of logistics networks:			
Staff costs		(93,748)	(84,912)
Transport costs		(107,164)	(104,202)
Provincial sales office expenses		(35,132)	(36,229)
Depreciation and amortisation charge		(42,499)	(44,146)
Other operating expenses		(90,199)	(88,760)
Total cost of logistics networks		(368,742)	(358,248)
Commercial expenses:			
Staff costs		(22,334)	(21,307)
Other operating expenses		(11,440)	(11,164)
Total commercial expenses		(33,774)	(32,471)
Research expenses:		(1,086)	(862)
Head office expenses:			
Staff costs		(28,252)	(28,060)
Depreciation and amortisation charge		(665)	(621)
Other operating expenses		(10,675)	(9,996)
Total head office expenses		(39,592)	(38,677)
Share of results of companies		774	(85)
Net loss on disposal and impairment of non-current assets		57	648
Other results		(24)	1
Profit from operations		69,524	68,703
Finance income		23,978	6,332
Finance costs		(707)	(1,621)
Profit before tax	12	92,795	73,414
Income tax	14	(16,236)	(21,922)
Profit for the period from continuing operations		76,559	51,492
Loss for the period from discontinued operations net of tax		(42)	(150)
Profit for the period		76,517	51,342
Attributable to-			
Shareholders of the Parent Company		76,590	51,158
Minority interests		(73)	184
Basic earnings per share	3	0,58	0,39

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated income statement for the six months periods ended as 31 March 2017.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2017 AND 2016

(Thousands of Euros)

	31-03-2017	31-03-2016
Profit for the year	76,517	51,342
Net gain (loss) on available for sale assets recognised in equity	-	-
Net gain (loss) on cash flow hedging instruments recognised in equity	-	-
Net actuarial gain (loss) recognised directly in equity	-	-
Foreign exchange rate changes	8	59
Net gain (loss) on taxes recognised directly in equity	-	-
Total other comprehensive income	8	59
Total comprehensive income for the year	76,525	51,401
Attributable to-		
Shareholders of the Parent Company	76,598	51,217
Minority interests	(73)	184
Total attributable	76,525	51,401

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated statement of comprehensive income for the six months periods ended 31 March 2017.

COMPANÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2017 AND 2016

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Valuation Adjustments	Consolidated Profit for the Period	Interim Dividend	Treasury Shares	Equity attributable to the Shareholder of the Parent	Minority Interests	Total Equity
Balance at 30 September 2015	26,550	867,808	-	(753,349)	204,499	136	(19,959)	199,193	(31,860)	(670)	442,615	1,815	444,430
Net profit for the period attributable to the Parent	-	-	-	-	-	59	-	51,158	-	-	51,217	184	51,217
Less attributable to minority interests	-	-	-	-	-	-	-	(61,158)	-	-	(61,158)	(184)	(61,158)
Income and expenses recognised in the period	-	-	8,697	-	2,382	-	-	(11,079)	31,860	-	(65,254)	-	(65,254)
I. Transactions with Shareholders:	-	-	-	-	-	-	-	(98,114)	(3,754)	(3,754)	(3,754)	-	(3,754)
Distribution of profit:	-	-	-	-	-	-	-	-	-	-	-	(5)	(5)
To reserves	-	-	-	-	-	-	-	-	-	-	-	795	795
Dividends	-	-	-	-	-	-	-	-	-	-	-	184	184
On treasury shares operations :	-	-	801	-	-	-	-	-	-	-	801	-	801
II. Other changes	-	-	9,857	(753,349)	206,860	195	(19,960)	51,158	-	(4,424)	424,625	1,984	426,619
Balance at 31 March 2016	26,550	867,808	9,857	(753,349)	206,860	195	(19,960)	51,158	-	(4,424)	424,625	1,984	426,619
Balance at 30 September 2016	26,550	867,808	-	(753,349)	223,914	107	(19,950)	132,079	(33,119)	(6,032)	489,736	2,132	491,868
Net profit for the period attributable to the Parent	-	-	-	-	-	8	-	76,590	-	-	76,598	(73)	76,598
Less attributable to minority interests	-	-	-	-	-	-	-	(76,590)	-	-	(76,598)	(73)	(76,598)
Income and expenses recognised in the period	-	-	3,671	-	9,272	-	-	(12,943)	33,119	-	(66,017)	-	(66,017)
I. Transactions with Shareholders:	-	-	-	-	-	-	-	(119,136)	-	(3,160)	(3,160)	-	(3,160)
Distribution of profit:	-	-	-	-	(18,962)	-	-	-	-	-	(17,123)	(5)	(17,128)
To reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-
On treasury shares operations (Note 2b):	-	-	1,239	-	(18,962)	-	-	-	-	(6,192)	460,034	2,054	462,088
II. Other changes	-	-	15,738	(753,349)	219,324	115	(19,960)	76,590	-	(6,192)	460,034	2,054	462,088
Balance at 31 March 2017	26,550	867,808	15,738	(753,349)	219,324	115	(19,960)	76,590	-	(6,192)	460,034	2,054	462,088

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated statement of changes in equity for the six months periods ended 31 March 2017.

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS , S.A.
AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIODS ENDED**

31 MARCH 2017 AND 2016

(Thousands of Euros)

	Note	31-03-2017	31-03-2016
1. OPERATING ACTIVITIES:			
Consolidated profit before tax from continuing operations		92,795	73,414
Adjustments for-			
Profit of companies accounted for using the equity method		(774)	85
Depreciation and amortisation charge		43,201	44,803
Impairments		-	-
Period provisions	9	8,681	5,590
Proceeds from disposal of non-current assets		(57)	(648)
Financial profit		(23,271)	(4,711)
Other results		1,256	801
Adjusted profit		121,831	119,333
Net change in assets / liabilities-			
(Increase)/Decrease in inventories		39,299	(34,665)
(Increase)/Decrease in trade and other receivables		143,536	130,403
(Increase)/Decrease in other non current assets		(38,536)	(12,319)
Increase/(Decrease) in trade payables		34,410	(234,309)
Increase/(Decrease) in other current liabilities		(286,825)	(22,177)
Increase/(Decrease) in other non-current liabilities		(14,270)	(158)
Income tax paid		(45,374)	(11,089)
Finance income and costs		4,909	4,711
Total net cash flows from operating activities (I)		(41,020)	(60,270)
2. INVESTING ACTIVITIES:			
Net investment in property, plant and equipment	5	(10,829)	(3,261)
Addition to intangible assets	4	(8,899)	(4,575)
Proceeds from financial investments and other current and non-current financial assets		234,998	248,281
Disposals of non-current held for sale assets		22,640	-
Total net cash flows from investing activities (II)		237,910	240,445
3. FINANCING ACTIVITIES:			
Dividends paid (-)	3	(86,017)	(66,375)
Other equity instruments		(3,160)	(3,754)
Changes in current borrowings		(229)	1,014
Changes in non-current borrowings		-	(158)
Total net cash flows from financing activities (III)		(89,406)	(69,273)
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		107,484	171,112
Cash and cash equivalents at beginning of year		23,625	22,714
Net change in cash and cash equivalents during the year		107,484	110,902
Total cash and cash equivalents at end of year		131,109	133,616

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated cash flow statement for the six months periods ended 31 March 2017.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with IAS 34 as adopted by the European Union (see Note 1b). In the event of a discrepancy, the Spanish-language version prevails.

Compañía de Distribución Integral Logista Holdings, S.A. And Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements
for the period of six months ended 31 March 2017

1. Introduction, basis of presentation of the interim condensed consolidated financial statements and other information

a) Introduction

The Parent Company, Compañía de Distribución Integral Logista Holdings, S.A., was incorporated as a sociedad anónima (Spanish public limited company) on 13 May 2014, with its sole shareholder being Altadis S.A.U., a company belonging to Imperial Brands Plc group. On 4 June 2014, the Parent Company effected a capital increase with all shares subscribed by Altadis S.A.U. through non-monetary contribution of shares representing 100% of the share capital of Compañía de Distribución Integral Logista, S.A.U., until that time the parent company of Logista Group, and from then onwards, the Company became the Parent of the aforementioned Group.

The Parent Company has registered office at Polígono Industrial Polvoranca, calle Trigo, no. 39, Leganés (Madrid).

The Group, a distributor and logistics operator, provides various distribution channels with a wide range of value added products and services, including tobacco and related products, convenience goods, electronic documents and products (such as mobile phone and travel card top-ups), drugs, books, publications and lottery tickets. The Group provides these services through a complete infrastructure network which spans the whole value chain, from picking to POS delivery.

The offering of shares in the Parent Company came to an end on 14 July 2014, and its shares are currently listed for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

Compañía de Distribución Integral Logista Holdings, S.A. is the head of a group of domestic and foreign subsidiaries that engage in various business activities and which compose, together with it, the Logista Group ("the Group"). In addition to its own individual financial statements, Compañía de Distribución Integral Logista Holdings, S.A. also prepares consolidated financial statements for the Group, including its interests in joint ventures and investments in associates.

The consolidated financial statements of Logista Group for 2016 were formally approved by the General Shareholders' Meeting on 21 March 2017.

b) Basis of presentation of the interim condensed consolidated financial statements

The accompanying interim condensed consolidated financial statements are presented in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting, and have been prepared by the Parent Company's Board of Directors on 25 April 2017 in conformity with Article 12 of the Spanish "Real Decreto 1362/2007".

In accordance with the statements of IAS 34 the interim financial information is prepared with the single purpose of updating the content of the latest consolidated financial statements issued by the Group, with an emphasis on the new activities, events and circumstances taken place during the semester and not duplicating the information previously provided in the consolidated financial statements for the year 2016. Therefore, for an accurate comprehension of the information included in the accompanying interim condensed consolidated financial statements, these should be read along with the Group's consolidated financial statements for the year 2016.

The accounting policies and methods used in the preparation of the accompanying interim condensed consolidated financial statements are the same as the ones used in the preparation of the consolidated financial statements for the year 2016, and additionally the standards and interpretations which have an obligatory application for the Group since 1 October 2016 have been also considered. In this regards, the main applicable standards are as follows:

Standards and modifications thereof	Contents	Obligatory Application in Annual Reporting Periods Beginning On or After
Amendment to IAS 16 and IAS 38 Acceptable methods of depreciation and amortisation (published in May 2014)	It clarifies the methods acceptable for depreciation and amortisation property, plant and equipment and intangible assets	1 January 2016
Amendment to IFRS 11 Accounting for acquisition of interests in joint ventures (published in May 2014)	It specifies how to account for the acquisition of interests in a joint venture whose activity constitutes a business	1 January 2016
Amendment to IAS 27 Equity method in separate financial statements (published in August 2014)	Equity method will be allowed to be applied to the individual statements of an investor	1 January 2016
Improvement to IFRS 2012-2014 Cycle (published in September 2014)	Minor amendments to a number of standards	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities (December 2014)	Clarification on the exception for consolidation of investment companies	1 January 2016
Amendments to IAS 1: Disclosures initiative (December 2014)	Various clarifications regarding the itemizations (materiality, aggregation, order of the notes, etc.)	1 January 2016

The application of these standards has not had a significant impact for the Group.

At the date of preparation of these interim condensed consolidated financial statements, the following standards and interpretations with a potential impact for the Group have been published by the IASB and adopted by the European Union for their application in annual reporting periods beginning on or after the indicated date:

Standards and modifications thereof	Contents	Obligatory Application in Annual Reporting Periods Beginning On or After
Amendment to IAS 12 Recognitions of deferred asset taxes for unrealized losses (published in January 19, 2016)	It refers to the deferred taxes of available items for the sale of debt with fair value less than the cost	1 January 2017
Amendment to IAS 7 Initiative of itemizations (published in January 29, 2016)	Reconciliation of changes in liabilities in the balance sheet with flows from financing activities	1 January 2017
IFRS 9 Financial Instruments. Classification, valuation, recognition and derecognition (last phase published in July 2014)	In replaces the requirement for classification, valuation, recognition and derecognition of financial assets and liabilities in accounts, hedge accounting and impairment of IAS 39	1 January 2018
IFRS 15 – Revenue from Contracts with Customers (published in May 2014)	New income recognition standard (replaced IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31)	1 January 2018
Clarifications to IFRS15 (published in April 2016)	About the identification of performance obligations, principal versus agent, licensing and accrual at one point over time, as well as some clarification to the transition rules	1 January 2018

Standards and modifications thereof	Contents	Obligatory Application in Annual Reporting Periods Beginning On or After
IFRS 16 Leases (published in January 2016)	New standard on leases that replaces IAS 17. Lessees will include all leases on the balance sheet as if they were financial purchases	1 January 2019
Amendment to IFRS 2: Classification and valuation of share-based payments (published in June 2016)	They are limited modifications that clarify specific issues such as the effects of accrual conditions on share-based payments to be settled in cash, the classification of share-based payments when it has net settlement clauses and some aspects of changes in the type of share-based payments.	1 January 2018
Improvement to IFRS Cycle 2014-2016 (published in December 2016)	Minor amendments to a number of standards.	1 January 2018

The Group is in process of evaluating the impact of these standards.

c) Use of estimates

The consolidated profit and equity are sensitive to the accounting principles and policies, the measurement bases and the estimates used by the Parent Company's Directors in the preparation of the interim condensed consolidated financial statements. The main accounting principles and policies and measurement bases are described in the Note 4 to the consolidated financial statements for the year 2016.

In preparing the accompanying interim condensed consolidated financial statements, estimates made by the Parent Company's Directors have been occasionally used in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

1. The corporate income tax expense, which in accordance with IAS 34 is recognized in interim period on the basis of the best estimate of the weighted average corporate tax rate expected by the Group for the fiscal year.
2. The assessment of possible impairment losses on certain assets (Notes 4, 5 and 6).
3. The assumptions used in the actuarial calculations of the pension liabilities and other obligations to employees.
4. The useful life of the property, plant and equipment and intangible assets.
5. The measurement and impairment of goodwill and of certain intangible assets.
6. The market value of certain assets.
7. The calculation of the required provisions.
8. The valuation and allocation of deferred tax assets and liabilities.

Although these estimates were made on the basis of the best information available at the period ending 31 March 2017, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. This would be done prospectively, recognising the effects of the changes in accounting estimates in the relevant future financial statements.

d) Contingent assets and liabilities

The Note 23 to the Group's consolidated financial statements for the year ended 30 September 2016 provides information regarding the contingent assets and liabilities as of such date. During the first six months of 2017 there have been no significant changes in the Group's contingent assets and liabilities.

e) Comparability of the information

The information relating to the first semester of 2016 and 30 September 2016 contained in these notes to the interim condensed consolidated financial statements is presented with the information relating to the period ended 31 March 2017 for comparison purposes only.

f) Seasonality of the Group's transactions

In view of the business activities in which the Group companies engage, their transactions are not cyclical or seasonal in nature.

g) Materiality

When determining the information to be disclosed in these explanatory notes on the various line items in the financial statements or on other matters, the Group took into account materiality in accordance with IAS 34, in relation to the interim condensed consolidated financial statements.

2. Changes in the Group's composition

a) Changes in the scope of consolidation during the six month period ended as of 31 March 2017

On 13 February 2017, the subsidiary MIDSID – Sociedade Portuguesa de Distribuição, S.A. acquired all the participations representative of the share capital José Costa & Rodrigues, Lda., for an amount of EUR 7,700 thousand plus an additional maximum of EUR 4,025 thousand, linked to the acquired company's working capital. The Group Management is in process of analyzing the fair value of the acquired assets and liabilities to register this business combination.

b) Changes in the scope of consolidation during the six month period ended as of 31 March 2016

On 5 February 2016, the subsidiary Compañía de Distribución Integral de Publicaciones Logista, S.L.U. entered into an agreement for the sale of the ownership interest held by it in Dima Distribución Integral, S.L. (equal to 12,56% of its share capital) to Distribuciones Generales Boyacá, S.L., for the amount of 1 euro. The transaction did not have a significant effect on the Group's interim condensed consolidated financial statements.

On 11 December 2015, the dissolution of Logesta Maroc, S.A. (indirectly owned in a 34% by Logesta Gestión de Transporte, S.A.U.) was registered, which was approved by the Shareholders Extraordinary General Meeting on 28 September 2015. The transaction did not have a significant effect on the Group's interim condensed consolidated financial statements.

3. Dividends paid by the Parent Company

a) Dividends paid by the Parent Company

On 21 March 2017 the Shareholders' General Meeting of the Parent Company has approved the distribution of the result of 2016, which included an interim dividend of result of that year that was approved by the Board of Directors and liquidated before, of EUR 33,119 thousand and a complementary dividend of EUR 86,017 thousand, which has been paid on 29 March 2017..

b) Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Group (after tax and minority interests) by the weighted average number of ordinary shares outstanding during the period, excluding the average number of treasury shares.

Earnings per share are calculated as follows:

	31-03-2017	31-03-2016
Net profit for the period (thousands of euros)	76,590	51,158
Weighted average number of shares issued (thousands of shares) (*)	132,411	132,613
Earnings per share (euros)	0.58	0.39

(*) During the first six months of the period ended 31 March 2017, the Parent Company acquired through a purchase and sale agreement 140,007 treasury shares.

At 31 March 2017 and 2016, there were no dilutive effects on basic earnings per share.

4. Intangible assets

a) *Goodwill*

The disclosure of this caption as of 31 March 2017 and 30 September 2016 is the following:

	Thousands of Euros	
	31-03-17	30-09-16
Italy, tobacco and related products	662,922	662,922
France, tobacco and related products	237,106	237,106
Iberia, transport	18,269	18,269
Iberia, other business	486	486
Iberia, tobacco and related products	5,175	321
Total	923,958	919,104

The impairment tests policies applied by the Group to its intangible assets and goodwill are described in the Note 4.3 of the consolidated financial statements for the year ended as of 30 September 2016.

Based on the methodology used and considering the estimates, projections and valuations available to the Parent Company's Directors, during the first six months of 2017 and 2016 no impairment evidence has been identified on these assets.

b) *Other intangible assets*

During the first six months of 2017 and 2016 the Group has recorded additions to this caption by EUR 3,550 and EUR 4,575 thousand respectively, which are mainly related to new functional development projects for the Group's existing applications..

During the first six months of 2017 and 2016 no impairment has been recorded on these elements.

5. Property, plant and equipment

a) *Movement in the period*

During the first six months of 2017 and 2016 the Group has acquired elements of Property, plant and equipment for EUR 10,602 and EUR 4,666 thousand, respectively, mainly due to the installations in the new warehouse in Cabanillas del Campo (Guadalajara), the new installations in the warehouses of Bolonia and Tortona (Italy) and to the acquisition of new semitraillers and vending machines.

In addition, during the first six months of 2017 and 2016 the Group wrote off elements of Property, plant and equipment with a net booked value of EUR 253 and EUR 729 thousand, respectively, which generated an impact of EUR 29 and EUR 682 thousand, respectively, registered in the caption "Net loss on disposal and impairment of non-current assets" on the accompanying interim condensed consolidated income statements

b) *Impairment losses*

During the first six months of 2017 and 2016 no impairment has been recorded on these elements.

c) *Property, plant and equipment purchase commitments*

As of 31 March 2017 and 2016 the Group does not have significant Property, plant and equipment purchase commitments.

6. Financial assets

a) Detail and disclosure

The disclosure of the Group's financial assets as of 31 March 2017 and 30 September 2016, attending to their nature and category for the purposes of their valuation, is as follows:

Financial Assets: Nature/Category	Thousands of Euros				
	31-03-2017				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 10)	Short-Term Deposits and Guarantees	Available- for-Sale Financial Assets	Total
Equity instruments	-	-	-	692	692
Financial debts	194	-	-	-	194
Other financial assets	-	-	3,825	-	3,825
Non-current	194	-	3,825	692	4,711
Financial debts	30,676	1,782,685	-	-	1,813,361
Other financial assets	-	-	739	-	739
Current	30,676	1,782,685	739	-	1,814,100
Total	30,870	1,782,685	4,564	692	1,818,811

Financial Assets: Nature/Category	Thousands of Euros				
	30-09-2016				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 10)	Short-Term Deposits and Guarantees	Available- for-Sale Financial Assets	Total
Equity instruments	-	-	-	23,331	23,331
Financial debts	266	-	-	-	266
Other financial assets	-	-	3,585	-	3,585
Non-current	266	-	3,585	23,331	27,182
Financial debts	30,934	2,007,506	-	-	2,038,440
Other financial assets	-	-	661	-	661
Current	30,934	2,007,506	661	-	2,039,101
Total	31,200	2,007,506	4,246	23,331	2,066,283

Loans granted to third parties

The venturers of "Compañía de Distribución Integral Logista, S.A.U. y GTECH IGT Lottery Spain, S.L.U., Unión Temporal de Empresas" granted a loan to this joint venture divided into equal shares which at 31 March 2017 totalled EUR 121,866 thousand. Compañía de Distribución Integral Logista, S.A.U. has recognised EUR 30,467 thousand (30 September 2016: EUR 30,629 thousand) in this connection, which are presented under "Other Current Financial Assets" and "Other Current Financial Liabilities" in the accompanying interim condensed consolidated balance sheet at 31 March 2017, for the receivables from and payables to the aforementioned joint venture that correspond to the other venturer (see Note 7).

Loans granted to related parties

As of 12 June 2014, Imperial Brands Enterprise Finance Limited, Compañía de Distribución Integral Logista Holdings, S.A., Compañía de Distribución Integral Logista, S.A.U. and Logista France, S.A.S. entered into a new mutual agreement for a five-year credit line (automatically renewable for one year, unless either of the parties sends a notice opposing such renewal at least one year prior to maturity), with a maximum disposal limit of EUR 2,600 million.

For more information on these cash pooling agreements, see Note 9 to the consolidated financial statements of Group Logista for the year ended September 30, 2016.

Available for sale financial assets

On 19 December 2016, the subsidiary Logista Italia, S.p.A. sold its share of 13.33% in Banca ITB, S.p.A to Intesa Sanpaolo S.p.A, for an amount of EUR 22,667 thousand, which has arisen a benefit of EUR 18,119 thousand (net of costs related to the sale), registered in the caption "Finance Income" of the accompanying condensed consolidated income statement.

b) Impairments

During the first six months of 2017 and 2016 the Group has not recorded any significant impairment on its financial assets.

7. Other current financial liabilities

The disclosure of the Group's financial liabilities as of 31 March 2017 and 30 September 2016, attending to their nature and category for the purposes of their valuation, is as follows:

Financial liabilities: Nature / Category	Thousands of Euros			
	31-03-17			
	Debts and Accounts payable to third parties	Debts and Accounts payable to related companies (Note 10)	Guarantees and deposits received	Total
Other financial liabilities	-	-	4,731	4,731
Non-current financial liabilities	-	-	4,731	4,731
Other financial liabilities	30,554	2,844	-	33,398
Current financial liabilities	30,554	2,844	-	33,398
Total	30,554	2,844	4,731	38,129

Financial liabilities: Nature / Category	Thousands of Euros			
	30-09-16			
	Debts and Accounts payable to third parties	Debts and Accounts payable to related companies (Note 10)	Guarantees and deposits received	Total
Other financial liabilities	-	-	4,743	4,743
Non-current financial liabilities	-	-	4,743	4,743
Other financial liabilities	30,779	2,848	-	33,627
Current financial liabilities	30,779	2,848	-	33,627
Total	30,779	2,848	4,743	38,370

8. Equity

a) Share capital

On 31 March 2017 and 30 September 2016 the Parent Company's share capital was represented by 132,750,000 fully subscribed and paid shares of EUR 0.2 par value each, all of the same class. The only shareholder with an ownership interest of 10% or more in the Parent Company's share capital at 31 March 2017 was Altadis, S.A.U., with an ownership interest of 70%.

b) Treasury shares

In order to cater for the long-term incentive plan discussed in Note 4.12 the Consolidated financial statements of 30 September 2016, the Parent Company has purchased 140,007 treasury shares for EUR

3,160 thousand in the first semester of 2017. At 31 March 2017, the Parent Company holds 415,621 treasury shares, representative of the 0.31% of Share Capital.

9. Provisions and contingent liabilities

a) Detail and movement

The detail of the balance of short and long term provisions in the accompanying condensed consolidated balance sheets at 31 March 2017 and 2016 and of the main changes therein in the periods is as follows:

	Thousands of Euros						31-03-17
	30-09-16	Additions to perimeter	Additions	Reversion	Use	Transfers	
Customs and excise duty assessments	5,496	-	36	-	-	-	5,532
Obligations to employees	16,428	-	7,530	(714)	(391)	-	22,853
Provision for restructuring costs	8	-	-	-	-	-	8
Provision for contingencies and charges	4,481	-	1,293	-	-	-	5,774
Other	6,417	-	503	(295)	(367)	-	6,258
Non-current provisions	32,830	-	9,362	(1,009)	(758)	-	40,425
Provision for restructuring costs	7,725	-	3,400	(708)	(2,716)	(57)	7,644
Customer refunds	2,791	-	121	(1,087)	-	-	1,825
Other	6,622	50	700	(748)	(708)	57	5,973
Current provisions	17,138	50	4,221	(2,543)	(3,424)	-	15,442

	Thousands of Euros						31-03-16
	30-09-15	Additions	Reversion	Use	Transfers		
Customs and excise duty assessments	13,576	180	-	(3,519)	-	10,237	
Obligations to employees	15,601	677	(30)	(355)	(100)	15,793	
Provision for restructuring costs	1,900	758	-	-	(1,000)	1,658	
Provision for contingencies and charges	5,380	-	(10)	-	(500)	4,870	
Other	6,554	476	(2)	(1,218)	311	6,121	
Non-current provisions	43,011	2,091	(42)	(5,092)	(1,289)	38,679	
Provision for restructuring costs	10,278	2,000	(200)	(2,712)	1,000	10,366	
Customer refunds	2,650	3	-	-	-	2,653	
Other	3,867	734	(427)	(1,046)	600	3,728	
Current provisions	16,795	2,737	(627)	(3,758)	1,600	16,747	

b) Provisions for tobacco excise duties and customs duty assessments

Compañía de Distribución Integral Logista, S.A.U. has recognised provisions for assessments as a result of audits by the Spanish customs authorities of the returns for excise tax on tobacco products for 2007 and 2009. The Company signed the assessments on a contested basis and filed appeals against them and it has recognised provisions for the possible deficiency and interest in this connection in order to cater for the possibility of unfavourable decisions being handed down on the appeals.

In the first six months of 2017, there has been no significant movement in relation to this provision.

In the first six months of 2016, Compañía de Distribución Integral Logista, S.A.U. paid EUR 3,519 thousand related to the returns for excise tax on tobacco products for 2008 and debited to the related provision accrued for in prior years for this purpose. The Company filed appeal against it in the Tribunal Económico Administrativo Central, as the prior assessment was canceled by the Court as the Administration did not perform a complete regularization.

c) Provision for obligations to employees

This line item includes mainly the present value of the obligations assumed by Compañía de Distribución Integral Logista, S.A.U. in relation to long-service bonuses and the "tobacco gift", as well as the retirement bonus obligations recorded by the subsidiaries of the Group in order to cover the retirement benefits.

During the first semester of 2017, EUR 6,860 thousand have been registered as a consequence of a sentence issued by the hearing room of Audiencia Nacional in which Compañía de Distribución Integral Logista, S.A.U. is condemned to the recognition of the perception, once retired, of the monetary amount equivalent to the free tobacco perceived as active personnel to those workers that, coming from the Altadis, S.A.U, had retired after 2005. This sentence has been appealed by Compañía de Distribución Integral Logista, S.A.U. in the Supreme Court.

During the first semester of 2016, there was no significant movement in relation to these provisions.

The payments performed during these periods amounted to EUR 391 thousand and EUR 355 thousand, respectively.

d) Provision for restructuring costs

This provision includes the estimations of payments to be done in relation to the restructuring plans the Group is carrying out.

During the first semesters of 2017 and 2016, EUR 3,400 thousand and EUR 2,758 thousand, respectively, have been accrued for and EUR 2,716 thousand and EUR 2,712 thousand, respectively, have been paid as severances, being debited to the related provision.

These provisions are reclassified to current liabilities according to the estimation of the Group's Directors on when the processes will be finished.

e) Provision for contingencies and charges

It relates mainly to provisions for contingencies associated with various lawsuits that the Group has in progress with third parties. During the first semesters of 2017 and 2016, there has been no significant movement in relation to these provisions.

f) Provision for customer refunds

The customers of the publishing sector are entitled to the refund of those products which are finally not sold, and the Group may in turn exercise this entitlement to a refund vis-à-vis its suppliers. At each period-end, the Group recognises a provision based on past experience of the refunds on sales with a view to correcting the margins obtained in the course of editorial products sales activity. During the first semesters of 2017 and 2016 there have been no significant variations in this provision.

10. Related parties

The related parties are the subsidiaries, associates and joint ventures, as well as the key personnel in the management of the Parent Company and those entities on which this key personnel has a significant influence or control, as well as those entities of the Group of which its ultimate shareholder is the Parent Company.

The Group's transactions with related parties during the first semesters of 2017 and 2016, as well as the balances at the end of 31 March 2017 and 30 September 2016, are detailed in the table below. Related party transactions are carried out on an arm's length basis.

Transactions

Expenses and income	Thousands of Euros		
	31-03-2017		
	Main Shareholder	Group persons, companies or entities	Total
Expenses:			
Services received	-	418	418
Procurements	177,319	273,241	450,560
Financial expense	-	9	9
	177,319	273,668	450,987
Income:			
Financial income	-	5,521	5,521
Services rendered	4,982	20,393	25,375
	4,982	25,914	30,896

Expenses and income	Thousands of Euros		
	31-03-2016		
	Main Shareholder	Group persons, companies or entities	Total
Expenses:			
Services received	5	294	299
Procurements	192,987	278,257	471,244
Financial expense	-	11	11
	192,992	278,562	471,554
Income:			
Financial income	-	5,745	5,745
Services rendered	3,725	19,143	22,868
	3,725	24,888	28,613

Balances

Balances	Thousands of Euros		
	31-03-2017		
			Total
Debitors:			
Credits (Note 6)	-	1,782,685	1,782,685
Accounts receivable	2,710	6,622	9,332
	2,710	1,789,307	1,792,017
Creditors:			
Loans (Note 7)	-	2,844	2,844
Accounts payable	47,259	135,638	182,897
	47,259	138,482	185,741

Balances	Thousands of Euros		
	30-09-2016		
	Main Shareholder	Group persons, companies or entities	Total
Debitors:			
Credits (Note 6)	-	2,007,506	2,007,506
Accounts receivable	2,119	5,787	7,906
	2,119	2,013,293	2,015,412
Creditors:			
Loans (Note 7)	-	2,848	2,848
Accounts payable	43,448	136,118	179,566
	43,448	138,966	182,414

Credits refer to the cash pooling agreement mentioned in Note 6 a).

11. Information about remunerations

The Notes 24-b and 28 of the Group's consolidated financial statements for the year ended 30 September 2016 detail the existing agreements regarding the remuneration and other retributions to the Board of Directors and the Group's Senior Management.

Remuneration of Directors

The remuneration received by the members of the Board of Directors of the Parent Company as a result of their membership thereof or of any of its executive committees in all connections, including the remuneration received by the members of the Board who in turn are executives for all concepts during the first six months of 2017 and 2016 totalled EUR 3,118 thousand and EUR 2,859 thousand, respectively.

In addition, corporate contributions to pension plan for the first six months of 2017 and 2016 corresponding to executive directors amounted to EUR 6 thousand in both periods.

Life insurance premiums corresponding to the executive directors in the first six months of 2017 and 2016 amount to EUR 9 thousand in both periods.

No other obligations to the members of the Board of Directors have been acquired relating to life insurance, pension plans or similar items for the discharge of their duties.

During the first six months of 2017 the Parent Company did not carry out with its Directors any transactions not relating to its ordinary business operations or transactions not carried out on an arm's length basis.

Remuneration of the Senior Managers

Senior Management functions are discharged by the members of the Management Committee.

The remuneration earned during the first six months of 2017 by the members of the Management Committee, excluding executive directors amounted to EUR 3,616 thousand (EUR 3,722 thousand in the first six months of 2016).

The period contributions to the pension plans for members of the Management Committee in the first six months of 2017 and 2016 amounted to EUR 21 thousand and EUR 19 thousand, respectively.

Incentive Plans

In Note 4.12 of the Notes to the Consolidated Financial Statements of the Group for the year ended September 30, 2016 incentive plans in force are detailed.

In particular, in relation to the General and Special long-term incentive Plans approved on June 4, 2014, on January 24, 2017 the Board of Directors has approved the list of beneficiaries and maximum number of shares to be distributed to the vesting period 2016-2019, amounting to 56 people for the General Plan and 9 for the Special Plan and 163,357 shares, respectively.

on January 26, 2016 the Board of Directors has approved the list of beneficiaries and maximum number of shares to be distributed to the vesting period 2015-2018, amounting to 50 people for the General Plan and 10 for the Special Plan and 186,307 shares, respectively.

On January 29, 2015 the Board of Directors approved the list of beneficiaries and maximum number of shares to be distributed to the vesting period 2014-2017, amounting to 51 people for the General Plan and 10 for the Special Plan and 236,007 shares, respectively.

These plans are valued at the initial moment of granting, taking into consideration the fair value of the shares granted determined by its market price, adjusted by the conditions under which such shares have been granted and the expectation of accomplishment of the objectives in the incentive plans.

The imputation of that assessment to results, according to IFRS 2, is accrued for lineally under the line "Staff costs" of the income statement during the vesting period.

On 21 March 2017, the Parent's Shareholders' General Meeting approved the structure of the "2017 Long-Term Incentive Plan" and "2017 Long-Term Especial Incentives Plan", with remuneration accrued from 1 October 2017 and payable at the end of each block into which the plan is divided.

12. Segmented information

The Note 25 to the Group's consolidated financial statements for the year ended 30 September 2016 includes the criteria followed by the Group in order to define its operating segments. There has been no change in the segmentation criteria.

The disclosure of revenues by geographical area as of 31 March 2017 and 2016 is as follows:

Revenues by Geographical area	Thousands of Euros	
	31-03-2017	31-03-2016
Iberia	1,264,406	1,251,012
Italy	1,237,966	1,214,315
France	2,039,378	2,123,303
Corporate and others	4,447	5,612
Inter-segment sales	(19,215)	(19,311)
Total	4,526,982	4,574,931

The reconciliation of the segmented profit before tax with the consolidated profit before tax as of 31 March 2017 and 2016 is as follows:

Profit before tax	Thousands of Euros	
	31-03-2017	31-03-2016
Segments		
Iberia	46,374	39,915
Italy	27,917	25,824
France	868	8,583
Corporate and others	(6,409)	(5,534)
Share of results of companies	774	(85)
Financial result	23,271	4,711
PROFIT BEFORE TAX	92,795	73,414

The consolidated balance sheets of the Group by business segments are as follows:

	31-03-2017				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	141,793	21,237	44,177	186	207,393
Other non-current assets	62,034	670,981	792,237	935	1,526,187
Inventories	347,793	246,568	451,227	-	1,045,588
Trade receivables	484,826	320,593	829,681	700	1,635,800
Other current assets					1,983,517
Total consolidated assets					6,398,485
Liabilities-					
Non-current liabilities	129,753	36,663	190,876	-	357,292
Current liabilities	1,361,233	1,603,117	2,614,100	655	5,579,105
Equity					462,088
Total consolidated liabilities					6,398,485

	30-09-2016				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	141,277	21,911	45,272	213	208,673
Other non-current assets	60,708	693,593	818,143	5	1,572,449
Inventories	398,715	260,508	426,606	-	1,085,829
Trade receivables	494,956	344,965	935,891	1,350	1,777,162
Other current assets					2,078,704
Total consolidated assets					6,722,817
Liabilities-					
Non-current liabilities	109,335	35,666	221,308	-	366,309
Current liabilities	1,427,369	1,710,043	2,726,689	539	5,864,640
Equity					491,862
Total consolidated liabilities					6,722,817

13. Average number of employees

The average number of employees at the Group for the first six months of the period ended 31 March 2017 and 2016 is as follows:

	31-03-2017	31-03-2016
Men	3,550	3,540
Women	1,986	1,958
Total	5,536	5,498

14. Tax matters

The Logista Group companies (whose fiscal consolidation parent company is Imperial Tobacco España, S.L.U.) calculated the provision for income tax at 31 March 2017 in accordance with current legislation in the

countries in which they carry on their business activities and, with regard to the companies that are resident in Spain in particular, with the regulations contained in Law 27/2014 of 27 November 2014.

Also, the tax effects arising from specific events or individual transactions performed in the reporting period have been considered.

At the date of preparation of these interim condensed consolidated financial statements, settlements for Excise duties of years 2012 and 2013 for Compañía de Distribución Integral Logista, S.A.U. are in the process of inspection.

Compañía de Distribución Integral Logista, S.A.U. has the last three years open for review for income tax, since 2015 for Customs duties, since 2014 for Excise duties, and the last four years for the other taxes applicable to the Consolidated Fiscal Group.

In general, the other consolidated companies have the last four years open for review by the tax authorities for the main taxes applicable to them in accordance with the specific legislation of each country, except for France and Italy, which have, in general, open for review the last 2 and 5 years, respectively.

The effective rate of corporation tax has been reduced during the 6-month period ended March 31, 2017 as a result of the tax treatment corresponding to the sale of the stake in Banca ITB, SpA and modification of the tax rate applicable to certain countries where the Group operates.

15. Subsequent events

There have been no significant events since the end of the six-month period ended March 31, 2017 until the date of preparation of these interim condensed consolidated financial statements.

16. Explanation added for translation to English

These interim condensed consolidated financial statements are presented on the basis of IAS 34 as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries

Consolidated Interim Directors Report for financial period of six months ended on March 31th 2017

Main highlights of the H1 2017 Logista results:

- Revenues reduced by 1.0% vs. the same period last fiscal year, however improved the data obtained in the first quarter of current fiscal year (-3.5%)
- The 2.7% increase of Economic Sales¹ despite the weak performance of volumes
- The slight progress of Adjusted Operating Profit and Profit from Operations, 1.0% and 1.2% respectively, burdened by the negative impact of non-recurring
- The important growth recorded by Net Income, close to 50%

Key Metrics Summary

<i>Data in million euros</i>	1 Oct. 2016 – 31 March 2017	1 Oct. 2015 – 31 March 2016	% Change
Revenues	4,527.0	4,574.9	(1.0)%
Economic Sales	511.9	498.4	2.7%
Adjusted Operating Profit	100.0	99.0	1.0%
Margin over Economic Sales	19.5%	19.9%	-40 b.p.
Profit from Operations	69.5	68.7	1.2%
Net Income	76.6	51.2	49.7%

During the first semester of current fiscal year there were no significant changes in the macroeconomic situation in the countries where the Group operates compare to the closing of last fiscal year. Likewise, the second quarter of current fiscal year was characterised by the economical stability in those countries, despite the political uncertainties still existing around the result of the next elections in France and Italy or in relation to the impact of the United Kingdom finally leaving the European Union.

The performance of the businesses as a whole has been positive during this first semester, resulting in growths of Economic Sales and Adjusted EBIT. The growths in the Iberia and Italy segments fully offset (except at the Revenues level) the bad performance that, since the beginning of the fiscal year, the France segment is recording. This was in spite of recording a €6.8 million non-recurring expense in Iberia during the first quarter.

The tobacco market this semester and, specially, the second quarter, has been marked by a certain weakness in volumes. In this context, the governments have not restructured the taxation and the manufacturers have increased only to a very limit extent the prices, not enough, to compensate for the increases in taxes that took place.

The recurring activity (excluding non-recurring impacts derived from changes in tobacco retail selling prices and the said provision) has been positive during the period, recording growths around mid-single digit in Iberia and Italy. In France, the impact has been higher as the taxes increase was not even offset by the manufacturers in the retail selling price.

The decline at the Revenues level was mainly caused by the tobacco volume drop in the three segments. However, the price increases taken by manufacturers in the first semester of current fiscal year in Spain and in the third quarter of the previous fiscal year enabled to more than offset that drop. All business lines in the France segment recorded reductions of Revenues causing a slight fall in the total Group Revenues.

¹ Economic Sales: This term equals Gross Profit and is used without distinction by the Management to refer to the figure resulting of subtracting Procurements to the Revenue figure.

The tobacco volumes (cigarettes and RYO) distributed by the Group during the semester reduced by 4.2% compared to the volumes distributed in the same period of fiscal year 2016, a trend in contrast to the trend recorded in the same period last fiscal year, when the yearly variation vs. fiscal year 2015 was +1.3%. All markets but Portugal recorded volume reductions.

During the first half of current fiscal year there were retail selling price increases in Spain and France whereas in the same period last year there were no price variations. These movements were a consequence of the rise in excise taxes approved by the Governments of both countries.

Economic Sales grew in Iberia and Italy in all the activities allowing to more than offset the slight reduction recorded in France

Total operating costs grew by 3.1% somewhat above the growth of Economic Sales. If the €6.8 million non-recurring cost in the Iberia segment is eliminated from the base, the operating costs growth compared to the same period in the preceding year was 1.4% and thus below reported and recurring Economic Sales. The control of costs and the constant efficiency improvement continue being one of the main axes of the operating model of the Group.

The **Adjusted EBIT** grew by 1.0% and the Adjusted EBIT margin over Economic Sales reached 19.5% compared to the 19.9% obtained in the same period of fiscal year 2016. Eliminating the non-recurring impact of the €6.8 million cost included in the current year, the growth was 7.9% and Adjusted EBIT margin over Economic Sales reached 20.9%.

The persistent weakness shown by the France segment translated into an increase of restructuring costs recorded in the first semester of current fiscal year (€5.2 million) compared to the same period of the preceding year (€4.7 million). Profit from operations progressed by 1.2% with respect to the first half of previous year.

The capital gain derived from the sale of one of the affiliates in the Italy segment caused and important rise of the financial results of the period, despite the stability in the reference rate of the European Central Bank.

The reduction of the Corporate Income Tax rate in all the geographies, as well as the fact that the capital gain in the sale of the mentioned affiliate pays a very reduced rate, translated into a tax rate substantially lower than in the same period of fiscal year 2016 (17.5% vs. 29.9%).

As a consequence of all the above mentioned, the **Net Income** growth reached 49.7%.

Revenues Evolution (By Segment and Activity)

<i>Data in million euros</i>	1 Oct. 2016 – 31 March 2017	1 Oct. 2015 – 31 March 2016	% Change
Iberia	1,264.4	1,251.0	1.1%
Tobacco & Related	1,077.4	1,065.5	1.1%
Transport Services	170.9	165.3	3.4%
Other Businesses	61.6	66.0	(6.6)%
Adjustments	(45.5)	(45.8)	0.7%
France	2,039.4	2,123.3	(4.0)%
Tobacco & Related	1,950.2	2,026.1	(3.8)%
Other Businesses	92.3	100.2	(7.8)%
Adjustments	(3.1)	(3.0)	(2.2)%
Italy	1,238.0	1,214.3	1.9%
Tobacco & Related	1,238.0	1,214.3	1.9%
Corporate & Others	(14.8)	(13.7)	(7.8)%
Total Revenues	4,527.0	4,574.9	(1.0)%

Economic Sales Evolution (By Segment and Activity)

<i>Data in million euros</i>	1 Oct. 2016 – 31 March 2017	1 Oct. 2015 – 31 March 2016	% Change
Iberia	261.8	247.3	5.9%
Tobacco & Related	125.7	118.6	5.9%
Transport Services	119.5	114.5	4.4%
Other Businesses	37.4	35.5	5.3%
Adjustments	(20.8)	(21.3)	2.4%
France	135.9	138.8	(2.1)%
Tobacco & Related	114.5	116.2	(1.5)%
Other Businesses	24.0	25.1	(4.3)%
Adjustments	(2.6)	(2.5)	(3.8)%
Italy	112.5	109.3	2.9%
Tobacco & Related	112.5	109.3	2.9%
Corporate & Others	1.7	3.0	(42.8)%
Total Economic Sales	511.9	498.4	2.7%

Adjusted EBIT Evolution (By Segment)

<i>Data in million euros</i>	1 Oct. 2016 – 31 March 2017	1 Oct. 2015 – 31 March 2016	% Change
Iberia	46.8	43.0	8.7%
France	30.8	34.7	(11.4)%
Italy	28.5	27.5	3.3%
Corporate & Others	(6.0)	(6.2)	4.7%
Total Adjusted EBIT	100.0	99.0	1.0%

Adjusted Operating Profit (or indistinctly Adjusted EBIT) is the principal indicator used by Management to assess the recurring results of operations of the business. This indicator is basically calculated by deducting from the Profit from Operations all those expenses that are not directly linked to the Revenue obtained by the Group during each period, which facilitates the analysis of the evolution of operating expenses and typical margins of the Group. In the following table reconciliation between Profit from Operations and Adjusted Operating Profit for the first semester of fiscal years 2017 and 2016 is shown:

<i>Data in million euros</i>	1 Oct. 2016 – 31 March 2017	1 Oct. 2015 – 31 March 2016
Adjusted Operating Profit	100.0	99.0
(-) Restructuring Costs	(5.2)	(4.7)
(-) Amortization of Assets Logista France	(26.1)	(26.1)
(-) Net Loss of Disposal and Impairment of Non-Current Assets	0.0	0.6
(-) Share of Results of Companies and Others	0.8	(0.1)
Profit from Operations	69.5	68.7

Business Review

1. Iberia: Spain and Portugal

The Iberia segment's Revenues reached €1,264.4 million compared to €1,251.0 million in the first half of fiscal year 2016, recording a 1.1% growth. The Economic Sales of the segment reached €261.8 million, a 5.9% above the €247.3 million recorded in the same period of the preceding fiscal year.

Revenues in **Tobacco and related products** increased by 1.1% as a consequence of the increase in retail selling price of tobacco and the growth in revenues from the rest of the products, offsetting the drop suffered by volumes.

During the first half of the fiscal year, tobacco manufactures raised the price of their products after the excise taxes increase implemented by the Government. The said retail selling price increase, 10 cents per cigarette pack, took place in most cases during the first quarter of the fiscal year with only one of the four big manufacturers taking it in the second quarter. In the first half of the preceding fiscal year there were not tobacco retail selling price increases.

After the said retail selling price increase, the cigarette volumes distributed in Spain change the trend vs. the first quarter and closed the semester recording a fall of 2.0% (-4.6% in the second quarter) contrasting with the year-on-year stability shown in the same period last year. Distributed volumes of RYO and cigars maintained a similar trend to the previous quarter, respectively reaching a fall in the semester of -2.8% and 4.5% vs. -1.9% and -2.3% in the half-yearly comparison the preceding year.

The revenues from the distribution of convenience products recorded a significant growth. In the second quarter of last year a new distribution agreement was incorporated to the activity previously existing, adding to the portfolio expansion through new product lines and to the commercial boost that is being carried out in this business line. The organic growth at constant perimeter was double-digit during the period.

Despite the reduction of tobacco distributed volumes in Spain, the net impact on inventories of price and excise tax increases, the good performance of the activity in Portugal, the increase of value added services and transport, as well as the good evolution of sales of other products in the period, translated into 5.9% Economic Sales growth of Tobacco and related products in respect to the first half of the preceding year.

Revenues in **Transport** grew by 3.4%, increasing the rate of progress obtained during the first quarter. The parcel and courier activities continued increasing Revenues and Economic Sales while full truck load activity remained absolutely stable, despite the tobacco volume drops suffered in all geographies. Transport Economic Sales increased by 4.4% up to €119.5 million.

The activity indicators in courier and parcel continue showing strength, growing at double digit in the first one.

Revenues in **Other Businesses** (which includes Pharma, lottery and publications distribution activities) improved, as expected, during the second quarter and reduced by 6.6% in the first half reaching €61.6 million, while Economic Sales went up by 5.3% to €37.4 million.

In the Pharma activity, after the important growth registered by the sales in the last quarter of the previous fiscal year, the first two months of the current fiscal year had a somewhat weaker performance in general, that was offset at the Economic Sales level through the increase of services to manufacturers and pharmacies. The incorporation in January of 2 new clients, foreseen for December, was the cause of the irregular performance of this business line Revenues during the semester

The reported total operating expenses grew by 5.3%, slightly below the increase of Economic Sales. However, as previously mentioned, non-recurring expenses up to €6.8 million were recorded in the period so the recurring operating expenses growth was only 2.0%, well lower than the growth experienced by the activity in the semester.

Adjusted Operating Profit reached €46.8 million what represents a progress of 8.7% with respect to the same period last year. This progress is even more significant if the impact of the non-recurring €6.8 million cost recorded in the period is not considered.

During the period there were almost no restructuring costs (€0.4 million), while in the previous year came to €2.8 million. Thus, Profit from Operations reached €47.1 million versus €39.8 million recorded in the first half of the previous year.

2. France

To some extent, Revenues from the France segment slowed down the rate of decline during the second quarter of the fiscal year so that for the whole semester reduced by 4.0% to €2,039.4 million. Economic Sales declined by 2.1% to reach €135.9 million.

Tobacco and related products Revenues fell by 3.8% to €1,950.2 million mainly due to the sharp decline experienced by distributed tobacco volumes in respect to the same period last year in cigarettes (-3.0%) and in RYO (-1.3%). However, the performance of volumes during the second quarter has been positive (+1.4% in cigarette and +3.8% in RYO).

When analysing the reasons that may have caused this evolution, to factors have to be taken into account.

The first one is the sharp rise experienced by volumes in the first quarter of fiscal year 2016 after the terrorist attacks suffered in Paris and the following country's borders closure (c. +10.0% in November and c. +4.0% in December) which translated into an abnormally high year-on-year comparison base for that quarter.

The second one is related to the stock management from tobacconists in this period of transition to plain pack, the only one that could be sold to consumers from 1 January 2017.

However, the positive performance of distributed volumes in the second quarter (+1.4% in cigarettes) confirms that the definitive entry into force of plain packaging seems not to have had a very significant impact on them, even during a quarter in which tobacco manufacturers raised the price of their products.

Whereas in the first half of last fiscal year the price of cigarette packs did not suffered modifications, in this fiscal year, after the rise of tobacco products' taxation, the increase of tobacconists' commission on the sale of these products and the entry into force of the new levy charging the revenues of tobacco wholesalers (all measures from 1 January 2017), tobacco manufacturers raised the price of cigarette packs. The amount of the rise taken was uneven from one brand to the other but that price increase was lower than the total amount of the said measures, so the net impact was slightly negative in the second quarter results.

Since the beginning of current fiscal year, the distribution contracts in France with British American Tobacco and Japan Tobacco International have been renewed for a period of 4 years in both cases.

The revenues from electronic transactions reduced significantly as a consequence of the decline that the prepaid telephony is recording some years ago as well as of the decline that is starting to affect the money cards linked to a higher control on cash movements. The revenues of convenience products recorded a weaker performance than in the same period of fiscal year 2016.

The Economic Sales from Tobacco and related products declined to a lower extent than Revenues vs. the previous year (-1.5% to €114.5 million) thanks to higher margins of Economic Sales over Revenues in electronic transactions, to the mix of unitary distribution fees as a result of the decline in tobacco volumes and to the increase in value added services rendered allowing to offset the non-recurring negative impact of movements in prices and taxes of tobacco products and the drop of distributed volumes.

The performance of the **Other Businesses** activity (wholesale distribution of convenience products in non-tobacconist channels), did not show recovery signs during the second quarter of current fiscal year in spite of having moderated the decline rate of the first quarter. A fall of 7.8% in Revenues and of 4.3% in Economic Sales were recorded, reason why a restructuring of the business was started in the first quarter of the fiscal year.

The total operating costs of the segment increased by 1.0% translating into a reduction in **Adjusted Operating profit** to €30.8 million, 11.4% lower than in the first semester of the preceding year.

The increase in restructuring expenses (€3.8 million) led Profit from Operations to €0.9 million well below that obtained during the same period in fiscal year 2016 (€8.6 million). The main adjustment in the segment is the Amortization of Assets generated from the acquisition of Logista France that was €26.1 million in both periods.

3. Italy

The retail selling price increase of tobacco products carried out by the manufacturers in the third quarter of fiscal year 2016 as well as the significant increase in sales of convenience products during the first semester of current fiscal year enabled more than offsetting the impact of the decline of tobacco volumes distributed and, thus, Revenues in the Italy segment reached €1,238.0 million a 1.9% higher than the €1,214,3 million obtained in the first semester of the previous fiscal year.

Cigarette distributed volumes declined by 7.8% compared to the 1.6% increase recorded last year. The RYO category grew by 10.9% vs. the increase of 4.6% recorded in the preceding year.

This evolution is probably caused to a large extent by the entry into force on 1 October 2016 of the ban of sales of 10- cigarette packs. As the macroeconomic growth of the country is still very moderate, the existence of a cigarette pack with a lower price (as it contains half of the cigarettes) made its purchase affordable for a higher number of smokers.

Although in general the cigarette retail selling prices remained stable, during the first quarter of current fiscal year, a small number of brands have reduced their prices between 20 and 30 cents per pack. In the same period last fiscal year there were not price movements. On the other hand, it is noteworthy that in the second quarter of both this fiscal year and the previous year, the automatic update of the minimum tax represented a negative impact in the results of the period, being of a higher amount in this fiscal year.

The commercial strategy followed by the segment, in line with the business model of the Group, continued providing satisfactory results that translated into double digit growths in Revenues and Economic Sales in the convenience products distribution activity. This fact as well as the increase in the value added services rendered to manufacturers resulted in higher Economic Sales in the Italy segment (€112.5 million, 2.9% higher than those obtained in the first half of fiscal year 2016).

Total operating costs increased by 2.7% with respect to last year, below the recurring activity growth, thanks to the constant actions carried out to improve the operating efficiency.

Adjusted Operating Profit increased by 3.3% reaching €28.5 million, a very similar level to Operating Profit (€27.9 million) due to the minor restructuring costs recorded during the period (€0.6 million).

4. Corporate and Others

This segment includes corporate expenses and the Polish operations.

Adjusted Operating Profit remained stable to previous year and reached -€6.0 million vs. -€6.2 million.

Financial Result Evolution

Financial results grew by 394.0% to reach €23.3 million vs. €4.7 million obtained in the previous year mainly due to the capital gain recorded after the sale, during the first quarter, of an affiliate in the Italy segment, the e-bank ITB, aimed to provide service to the tobacconist network in Italy.

The interest rate used as a reference in the treasury agreement with our majority shareholder (European Central Bank main rate), over which a 75 b.p. spread is obtained under that agreement, stood still during the first six months of the fiscal year at 0.0%. In the same period of last year stood at 0.05% until 10 March and since then it was 0.0%.

The average cash position during the fiscal year was €1,453 million compared to €1,419 million in the first half of previous fiscal year.

Net Income Evolution

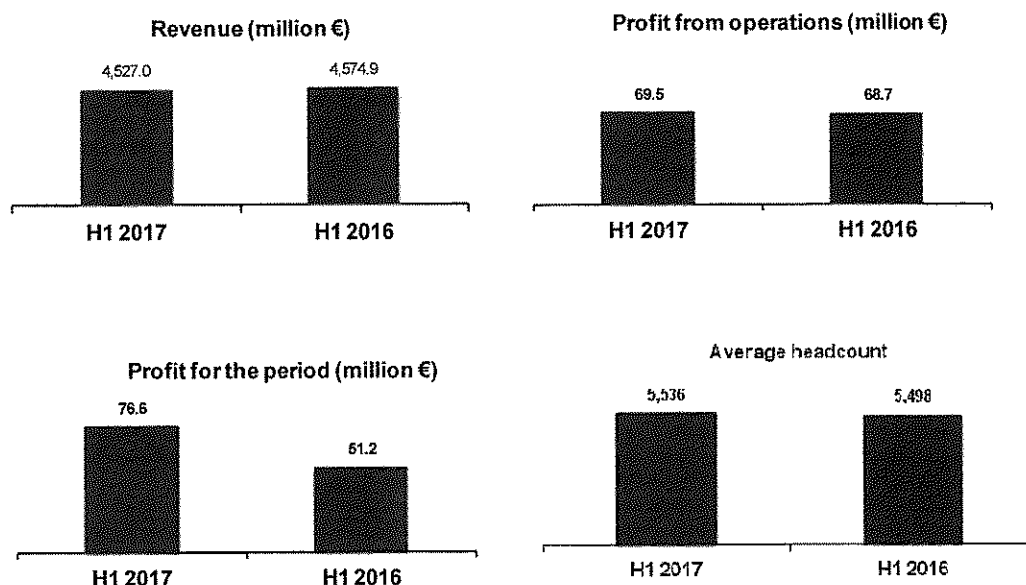
Earnings before Taxes increased by 26.6% to €92.8 million and Net Income increased by 49.7% to reach €76.6 million.

The reduction in the effective consolidated tax rate recorded in the period, that reached 17.5% vs. 29.9% in the same period last year, is explained in its vast majority by the fact that the capital gain derived from the sale of the affiliate in Italy pays a much reduced rate. Moreover, it so happens that the nominal corporate tax rate in all geographies where the Group operates has been reduced.

Earnings per Share were €0.58 vs. €0.39 in the first half of 2016, with no variations in the number of shares.

At the end of the first half, the Company owned 415,621 own shares.

The graphs below show the evolution of main indicators for the first half of fiscal year 2017 (October 2016 – March 2017) compared to indicators on the first half of fiscal year 2016 (October 2015 – September 2016):



CASH FLOW

The seasonality of the Group's business results in a negative cash flow during the first and second quarters of the fiscal year that is recovered during the second half, usually reaching its peak around year end.

The cash generation at closing of the first quarter of current fiscal year was lower than at closing of the first half in fiscal year 2016. The lower reduction in the negative working capital derived from the lower tobacco distributed volumes and the funds obtained from the divestment of the stake in a company in the Italy segment more than offset the increase in corporate income tax paid in the period vs. the same period last year.

During the second quarter of this fiscal year as well as in the same period the preceding fiscal year, the final dividends for fiscal years 2016 and 2015 were respectively paid.

DIVIDEND POLICY

The General Shareholders Meeting held on 21 March 2017 approved the distribution of a final dividend corresponding to fiscal year 2016 of €86.1 million (€0.65 per share) that was paid on 29 March 2017.

Therefore, the total dividend corresponding to fiscal year 2016 will be €119.3 million (€0.90 per share), a 21.6% higher than the total dividend distributed in fiscal year 2015.

OUTLOOK

Given the current situation in the different markets in which the Group operates and, specially, the prices/taxes movements in the tobacco market, a slightly lower growth level in Adjusted EBIT and a similar growth rate in Net Income than in fiscal year 2016 are expected in fiscal year 2017.

At the moment, the uncertainties over how the tobacco excise taxes in the different geographies may evolve in the second half of the fiscal year and the decisions that, as a consequence of it, manufacturers could take on the retail selling prices of those products remain open. Likewise, the impact that these prices and taxes movements might have over the results is difficult to evaluate.

In addition, it is important to highlight the uncertainties that continue existing around the impact that the enforcement of plain packaging may have on the consumption of tobacco in France. In spite of the fact that the performance recorded by the volumes in the second quarter, can be described as satisfactory, there is scarce experience in other countries regarding the implementation of similar measures so it is difficult to evaluate the repercussions that it might have on market dynamics in the remaining until the end of the fiscal year.

RISK EXPOSURE

The risk management to which is exposed the Logista Group in the performance of its activities is one of the basic cornerstones of its management in order to preserve the Group's value assets. With a focus on a global management of the Group's risk, the risk management system is structured and defined to reach the strategic and operational objectives. This risk control system is monitored and supervised by the Audit and Control Committee of the Board of Directors. This Audit and Control Committee delegates these competencies in the Internal Control Committee.

This Internal Control Committee is chaired by the Group's Corporate Financial Management and has the double objective of i) to ensure the continuous development and implementation of the Group's Internal Control System in all countries and businesses, as well as ii) to promote and coordinate the work for annually updating the Group's risk map and propose approval to the competent bodies.

Although in this management report, without neglecting to mention the main operational risks, we will focus on the risk management and control systems of financial risks. For a broader description of risk management and control systems of the Group see point E of the Annual corporate governance report. Also, in point F, the Internal Control System for the Group's financial information is described.

The main risks and uncertainties facing the Group are related to possible regulatory changes in the industries in which it operates, the normal operational risks arising in the ordinary course of business, which are insured externally as far as possible. However, the Group complies with all the requirements to operate in the various markets and industries in which it carries on its business activities, and it has established, through its organisational structure, the appropriate procedures and controls to enable it to identify, prevent and mitigate the risks of change in the regulatory framework and, similarly, to comply with the obligations imposed by the various legislations applicable to it.

Among the main risks, it is important to highlight:

- The Group's Businesses are subject to compliance of numerous general and industry laws and regulations, with European, national, regional and local reach, in every country where it operates, exposing the Group to potential failures to comply and the corresponding sanctions or claims and, on the other hand, to increasing costs for supervision of compliance and control.
- European Directive 2014/40/UE (3 April 2014), whose transposition period by the respective UE members ended on May 20, 2016, establishes tighter rules for tobacco products, related among others, to labelling, ingredients, track and trace and cross-border trade could affect the sold volume.
- Liberalization in the main markets where the Group operates as tobacco derived products authorized distributor where currently exists a State monopoly for retail sale of these products could affect results, if the measures already planned by the Group were not implemented.
- Main operational risks may occur are related to theft of tobacco in facilities and during transport associated to increases in insurance premiums, as well as to technological risks associated to the lack of (or faulty) availability of the Information System.

The Group could also be affected by the risks arising from the adverse economic climate worldwide and their possible impact on consumption in the markets and industries in which the Group is present.

From a financial perspective, the Group's main financial assets are cash and cash equivalents, credits to Group's companies, trade and other receivables and investments. These items represent the Group's maximum exposure to credit risk. So, the main financial risks for the Group could be summarized in:

- Safeguarding of assets: the Group's Financial Management has as one of its main objectives to safeguard the Group's assets value in all business units and countries where it operates (Spain, France, Italy, Portugal and Poland, mainly) through the risk analysis and prevention and optimizing the management of the main claims. The financial department analyses the accidental risks which could affect the Logista Group, in its assets and also in its activity, and according to these risks, establishes the external insurance coverage contracts which considers necessary. Related to the high Goodwills, impairment tests are carried out according to International Accounting Standards in the Group.
- Credit risk: In general, the Group deposits its cash and cash equivalents in entities holding a high credit rating. The Group presents as well an exposure to credit or counterparty risk with Imperial Brands by virtue of the subscribed treasury agreements.

- The Group controls the insolvency and delinquency risks establishing credit limits and through the establishment of demanding conditions in respect to collection periods; that commercial risk is spread among a high number of clients with short collection periods, being the main Group's clients newsstands and tobacconists. So, the credit risk exposure to third parties is not very significant, and the Group has, always if considered, Insurance Policies to mitigate the impact of possible defaults, although this default rate in all geographies in which the Group operates is very low.
- The Group estimates that at 30 September 2016 the level of exposure to credit risk of its financial assets is not significant.
- With regard to liquidity risk, the Group maintains enough cash and cash equivalents to face the payments derived from its usual activities. Also, if punctually financing is required, the Group has available credit lines.
- Respect the exposure to interest rate risk, considering the low level of the Group's financial debt, the Management of the Parent Company considers the impact from a potential increase in interest rates which could have in the consolidated annual accounts is not significant.
- Also, the level of exposure to the net equity and the P&L account in terms of future changes in the current exchange rates is not relevant; due to the volume of transactions of the Group in non-Euro currencies is not significant.

From a fiscal point of view, the risks facing the Group are:

- Changes in the payment cycle of the Group can obligate to seek out external financing sources to compliance its obligations: As any wholesale business, the payment cycles of the acquired products to manufacturers and the billing cycles of the points of sale do not match. Along with this, the payment by the Logista Group to Tax Authorities is made in a different cycle to the cycles corresponding to manufacturers and points of sale.
- On the other hand, the possibility of modifications in the tax regulation can impact directly in the results and cash management of the Group (excise duties, Corporate Income Tax, Personal Income Tax).

During the fiscal year, the Group has suffered the materialization of normal operational risks, in the normal business evolution, and particularly, robberies of tobacco in facilities and during the transport, without incidence in the Group's results thanks to insurance of the goods. Also, the Group faced the responsibility for settlement tax litigations, resolved against the Group, without relevant incidence in the results due to they were provisioned.

ENVIRONMENT

The Group integrates the environmental policy in its corporative strategy through the Quality and Environment Director Plan.

The Group's Quality, Environment and Energy Efficiency Policy establishes the guidelines governing its activities that, within a continuous improvement process focused on excellence, includes implementing policies and good practices for optimizing the use of resources, supporting and contemplating energy efficiency in acquiring products and services, as well as promoting the prevention of pollution in the processes.

The Policy also contemplates the definition and control of environmental and quality indicators with periodic evaluation of the sustainability performance, as well as the evaluation and reduction of the carbon footprint.

It also establishes the strict regulatory compliance, extended to voluntary objectives subscribed by the company, as well as the collaboration with organisms and groups of interest favouring the improvement of quality and the environment.

In addition, the Quality and Environment Corporate Direction develops initiatives to raise awareness or to additionally disseminate the actions the Logista Group undertakes in this matter to increase the employees' knowledge and commitment in this matter.

The Logista Group is calculating since the fiscal year 2013-2014 the Carbon Footprint of every business and service in the different countries where it operates through an operational control approach, including the Group's outsourced activities, as well as those by outsourced transport vehicles.

The calculation is based on the norm and emission factors for reporting Green House Gases by the Green House Gas Protocol and the UNE-EN-16258 norm to establish the calculation methodology.

In addition, the calculation is verified under the UNE-EN ISO 14064 norm by an independent audit entity, ratifying the numbers and assuring the process reliability and traceability. This information allows knowing the carbon footprint of the services carried out by the Group for its customers.

During the fiscal year 2014, the Logista Group began using renewable produced electricity. During the fiscal year 2017, the Group has maintained the number of points supplied with renewable produced electricity to more than 90% of the Group's facilities, including every Group directly managed center in Spain, France, Italy and Portugal.

Also, the Group compiles and analyzes information about the water consumption; waste and most relevant materials consumed by the Group; and uses this information to optimize savings and to minimize the environmental impact derived from its activity.

The Logista Group has defined an energy efficiency program, both for its network of facilities and for its transport networks, even if outsourced. The Group periodically undertakes energy audits in every country and by each business to analyze energy evolution and to identify best practices. So, the Group is continuously working on the routes optimization and the agreement renewals for transport fleet, incorporating gas-powered vehicles, electric vehicles and vehicles with Euro VI engines. On the other hand, the integration of energy efficiency criteria in the Group's capabilities network has allowed reaching the LEED Gold certificate in the new platform for convenience and the BREEEAM certificate in the platform for books.

The Logista Group participates and promotes initiatives on environmental protection aiming at stimulating the relevance of the environmental sustainability in business activities.

Thus, the Group participates in reports and technical, divulging and/or of environmental analysis reports, such as the Carbon Disclosure Project (CDP) or the FTSE4Good, sharing with transparency our vision on the climate change and its impact on the society and our business in particular.

CDP distinguished Logista as one of the global leaders in the fight against climate change, including it in the select group composing by 193 companies around the world that are parte of the A-list. Logista also participates as founding member of the Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth), a non-profit businesses association gathering among others 29 of Spain's largest companies, aiming at working together to transfer to the society and the Public Administration its vision on the sustainable economic growth model compatible with the efficient use of natural resources.

SIGNIFICANT EVENTS FOR THE GROUP AFTER THE REPORTING PERIOD

No significant events took place after the reporting period that could affect a significant impact on the accompanying consolidated financial accounts.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group invested in I+D+i €3.4million in fiscal year 2016. Most of these investments were made to adapt the systems to enlarge the portfolio of services offered to its clients, automate processes and develop own software.

TREASURY SHARES

The Board of Directors of 26 January 2016 agreed an extension of the Share Buyback Program of the Company (communicated to CNMV on January 30, 2015) and extended on September 29, 2015 to allocate them to 2014 General Plan in Performance Shares and to the Special Plan in Performance Shares. On September 27 2016, the Board of Directors agreed to extend until October 1, 2017 the Extended Share Buyback Program of the Company.

At 31 March 2017, the Group held in its balance sheet 415,621 own-shares, representing the 0.31% of the Company's share capital. Own-shares were acquired in execution of the Share Buyback Program.

USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No Group company uses derivative financial instruments.

Certificate on the issuance of the interim condensed consolidated financial statements

Certificate issued to attest that the undersigned members of the Board of Directors of Compañía de Distribución Integral Logista Holdings, S.A. are apprised of the contents of these interim condensed consolidated financial statements and interim consolidated Directors' Report, which were authorised for issue at the Board of Directors' meeting on 25 April 2017 in order to be verified by auditors.

To the best of our knowledge, these financial statements presented herein, prepared in accordance with applicable accounting standards, provide a true and fair view of the equity, financial position and results of the Company, and of its consolidated companies considered as a whole, and the interim management report contains a true and fair analysis of the information required.

The interim condensed consolidated financial statements and interim consolidated Directors' Report are set forth on 29 sheets, on the obverse only, all of which are signed by the Secretary of the Board of Directors, who in witness whereof, have signed below:

D. Gregorio Marañón y Bertrán de Lis
Chairman

D. Luis Egido Gálvez
Chief Executive

D. Stéphane Lissner
Director

D^a. Cristina Garmendia Mendizábal
Director

D. Eduardo Zaplana Hernández-Soro
Director

Mr. John Matthew Downing
Director

Mr. Richard Guy Hathaway
Director

Mr. David Ian Resnekov
Director

Mr. Richard Charles Hill
Director

D. Rafael de Juan López
Director and Secretary of the Board