ANNUAL REPORT **2014**

Grupo Logista

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Presentation

Letter from the **Chairman**

Dear shareholders,

I am honoured to address you as Chairman of the Group's Board of Directors.

2014 was another positive year for Grupo Logista in all areas.

One of such areas, very relevant, was the return of Grupo Logista's shares to trading on the Spanish stock markets.

The significant support received from the institutional investors the Public Offering was directed at, underlined the Group's long-term business strategy and the soundness and resilience of its business model in a difficult economic environment such as that seen over the past few years.

Through the Public Offering, Grupo Logista's majority shareholder, Imperial Tobacco Group, sold 30% of the Group's shares, keeping a 70% stake in the company.

When Imperial Tobacco Group acquired Grupo Logista in 2008, as a consequence of its acquisition of Altadis, announced its intention for Grupo Logista to continue operating independently and separately from the rest of Imperial Tobacco Group, in line with its own strategy and business plan. This is what happened for several years and now the same intention has been stated.

Therefore, Grupo Logista has continued developing its activity and strengthening its business model, looking for opportunities in an increasingly demanding climate. We have focused on steadily improving the services we offer to our customers, both manufacturers and points of sale, as well as on improving efficiency and adapting to changes in activity levels.

Another positive event is that in financial year 2014 Grupo Logista reported higher sales and profitability in a still difficult environment, with a net profit growth of 16.8% to 102.3 million euros.

The increase in revenues from diversified businesses helped mitigate the impact the decline in tobacco distribution and lower retail price increases on these products had on the Group's revenues.

The containment of operating costs, in addition to lower restructuring and impairment costs and higher financial results resulted in a significant rise in net profit, despite the higher corporate tax rate paid by the Group following the integration of Logista France.

Therefore, the benefits of our business model have once again been ratified in a year in which our main markets started to show tentative signs of recovery.

I am also pleased to announce the fulfilment of the commitment stated during the Public Offering, the proposal to the General Meeting of Shareholders of a 0.56 euro per share dividend.

I would like to conclude by thanking our management team and professionals for their great daily work, generating value for the Group through their effort and dedication, and to our customers and suppliers for placing their trust in Grupo Logista.

And I would like to thank you, our shareholders, for your trust in Grupo Logista and assure you that we shall continue working to create value and reward your involvement with the leading distributor to capillary retail networks in Southern Europe.

Mr. Gregorio Marañón y Bertrán de Lis

Letter from the
Chief Executive Officer

Dear shareholders,

I am very pleased to address you, again, to explain the Company's evolution during last year.

The 2014 financial year has become a new milestone for Grupo Logista, both in corporate and in business terms.

Since July 14th, Grupo Logista's shares are listed on the stock markets, after a Public Offering completed among institutional investors with remarkable success.

The profitability strategy with which the Group is managed, through its continuous improvement of services and operational efficiency, adapting to the needs of a competitive market as ours, always following exacting standards of accountability and transparency, have been understood by the markets.

The relisting of the Group's shares has been highly valued by the Group's customers and suppliers, and has been an element of additional motivation for professionals within the company.

The results for the 2014 financial year have been positive despite the still difficult economic environment in Spain, France, Italy and Portugal, where almost all the activity is carried out.

These results, which improve those of the previous financial year, can be explained as a whole by the increased commercialization of products and continuous innovation in services offered to manufacturers and points of sale, together with the improved operating efficiency that has always characterized our Group.

Let me now summarize below the geographic and business breakdown of our evolution.

Iberia, which includes distribution activities to tobacconists, Transport and services provided by Logista Pharma and Logista Libros, raised its Economic Sales by 1.2%.

This growth is the result of increased sales of products and services to the tobacconists channel and additional services provided to the tobacco industry, which more than made up the decline in cigarettes distributed in Spain and Portugal. This decrease in distributed cigarettes was the lowest in recent years, in a market still affected by the large volume of illicit tobacco in Spain.

Our Transport area benefited from the improved economic situation in Spain, strongly increased its market share and raised its courier and express deliveries by 13%, and its industrial parcel's by 7%. In long haul, declining tobacco volumes were offset by the addition of new customers and growth in other industries.

Meanwhile, Logista Pharma kept its strong growth thanks to its specialization in logistics to hospitals and its direct distribution model to pharmacies, which provide a clear added value service and brings together into one distributor the advantages of direct distribution from the laboratory and wholesale distribution.

Logista Libros also improved its activity, adding new clients with distance and internet selling.

Economic Sales in France fell by 0.5% despite a 4.6% decline in cigarettes distributed, the macroeconomic deterioration, increasing cross-border sales and high illicit tobacco trade.

On the other hand, we had higher sales of our new range of prepaid cards and electronic cigarettes, mitigating the drop in electronic top-ups and proving the Group's flexibility and marketing proactivity.

Outside the tobacconists channel, Logista France increased its revenues by almost 20% and raised its market share, particularly in the petrol stations and vending machine operators channels, although the higher proportion of beverages in products distributed slightly reduced this business' average margin.

Logista Italia's 2014 financial year was the first full year exploiting its new operating model, progressively implemented during previous years, similar to that already in place in other countries and providing us with the best combination of flexibility and capillarity currently in this market.

It has invested in systems, automation and processes, concentrating picking orders in 4 regional warehouses, keeping a network of 175 service points, former local warehouses transformed into shops and/or cash & carry for tobacco and convenience products.

On-line orders made through the point of sale (POS) terminal increased by 30%, now accounting for 75% of the total, reducing delivery times by half, optimizing the coverage of stocks, now more concentrated, and all transport routes have been reorganized.

As a result of this, while the volume of cigarettes distributed in Italy fell by just 0.4%, Economic Sales increased by 9.4% and Adjusted Operating Income rose by 18.2%.

All the above resulted in Grupo Logista's Net Consolidated Profit rising by 16.8% to 102.3 million euros in the financial year, reinforcing our strong balance sheet that allows us to remunerate shareholders and undertake projects fitting our strategy of profitable growth.

We regularly serve some 300,000 delivery points in Spain, France, Italy and Portugal, facilitating the best and fastest market access for tobacco-related products, convenience, electronic top-ups, pharmaceuticals, books, publications and lottery games, among others.

We now enjoy a unique position, as the best partner for both the manufacturer and the point of sale to facilitate the end consumer access to all products, increasing sales and profitability of our customers.

We will use this platform to grow, by increasing sales of products and services to the point of sale, to exploit the economic improvement in our Transport activities and further strengthen innovation and development of new services.

Therefore, we have a clear and well defined strategy, a comprehensive geographic coverage with unmatched access to point of sale capillary networks in Southern Europe and cutting edge information systems to provide innovative and efficient services.

And we, as a basic element of any services company, also have an outstanding highly qualified managing staff, and a highly professionally skilled and committed staff of professionals I wish to thank for their constant dedication to the customer and to the Group.

With all this we will reinforce our current position as the leading distributor of high added value products and services to retail capillary networks in Southern Europe.

Mr. Luis Egido Gálvez

Relevant **data**

	30-09-2014	30-09-2013	%
Balance sheet (millions of euros)			
Total Assets	6,488	6,546	(0.9)
Shareholders' Equity	440	459	(4.1)
Profit and loss statement (millions of euros)			
Revenues	9,507	9,863	(3.6)
Economic Sales	1,036	1,012	+2.4
Adjusted EBIT	221	211	+4.5
Profit from Operations	139	123	+12.8
Net Income	102	88	+16.8
Cash Flow (millions of euros)			
Cash Flow	192	180	+6.8
Data per share and stock market ratios			
Share price (euros)	14.4	-	-
Market capitalisation (millions of euros)	1,911.6	-	-
Book Value per share (euros)	3.31	-	-
Share price / book value	4.34	-	-
Relevant ratios			
ROE	23.3%	19.1%	-
PER (share price / earnings per share)	18.65	-	-
Earnings per share	0.77	-	
Other data			
Number of shares	132,750,000	-	-
Average number of employees	5,866	5,924	(1.0)
No. of delivery points	300,000	300,000	-
Daily traffic of consumers at the points of sale in our channels	35,000,000	35,000,000	-

Cash Flow: Net profit + depreciation and amortisation
ROE: Net profit / Shareholders' equity
Earnings per share: Net profit / Number of shares

Economic Sales **+2.4%**

Adjusted EBIT **+4.5%**

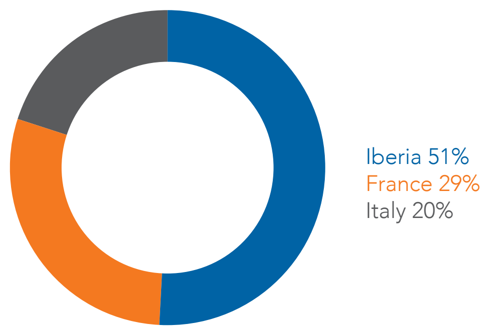
Net profit **+16.8%**

Share revaluation * **+10.8%**

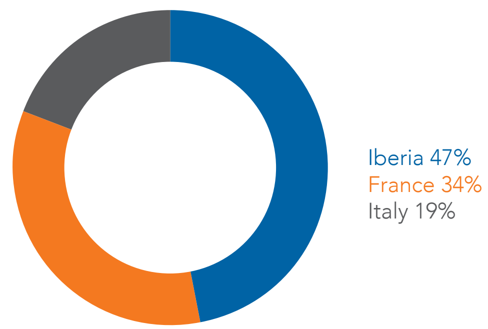
* From placement price (€13.00) to financial year end (30/9/2014)

Grupo Logista is the leading distributor of high added value products and services in Southern Europe, covering around 300,000 delivery points within capillary retail networks in Spain, France, Italy and Portugal.

#01 | % | GEOGRAPHICAL BREAKDOWN BY ECONOMIC SALES

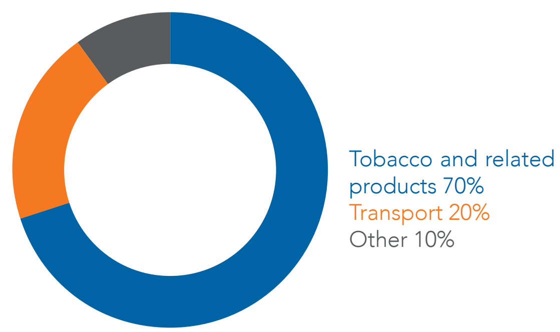


#02 | % | GEOGRAPHICAL BREAKDOWN BY ADJUSTED EBIT



The Group provides the best and fastest access to the market of tobacco-related products, convenience items, electronic top-ups, pharmaceuticals, books, publications and lotteries.

#03 | % | BREAKDOWN BY BUSINESS ACTIVITY ACCORDING TO ECONOMIC SALES



Relevant data from the
Consolidated Profit & Loss Statement

In million euros	30-09-2014	30-09-2013
Revenues	**9,507**	**9,863**
Economic Sales	**1,036**	**1,012**
(-) Distribution Costs	(643)	(623)
(-) Sales and Marketing Expenses	(67)	(68)
(-) Research Expenses and G&A Expenses	(106)	(110)
Total Costs	**(816)**	**(801)**
Adjusted EBIT	**221**	**211**
(-) Restructuring Cost	(10)	(20)
(-) Amort. of Intangibles Logista France	(52)	(52)
(-) Net Result on Disposal and Impairments	(16)	(14)
(-) Share of Results of Companies and Others	(4)	(1)
Profit from Operations	**139**	**123**
(+) Financial Income	22	7
(-) Financial Expenses	(7)	(11)
Profit before taxes	**154**	**119**
(-) Corporate Income Tax	(54)	(30)
Effective Income Tax Rate	*35.2%*	*25.5%*
(+/-) Other Income / (Expenses)	3	(1)
(-) Minority Interest	0.2	0
Net Income	**102**	**88**

Relevant data from the
Consolidated Balance Sheet

In million euros	30-09-2014	30-09-2013
Property, Plant and Equipment and other Fixed Assets	226	257
Net Long Term Financial Assets	10	12
Net Goodwill	919	919
Other Intangible Assets	713	756
Deferred Tax Assets	59	57
Net Inventory	1,067	1,208
Net Receivables	1,793	1,585
Cash & Cash Equivalents	1,701	1,752
Total Assets	**6,488**	**6,546**
Shareholder's Equity	440	459
Minority interests	2	2
Non Current Liabilities	61	167
Deferred Tax Liabilities	357	375
Short Term Financial Debt	35	120
Short Term Provisions	18	10
Trade and Other Payables	5,575	5,413
Total Liabilities	**6,488**	**6,546**

Value chain

Grupo Logista serves around 300,000 delivery points in Spain, France, Italy and Portugal, providing the best and fastest market access to tobacco-related and convenience products, electronic top-ups, pharmaceutical products, books, publications and lottery games, among others.

The Group has developed a unique business model in Southern Europe that combines its comprehensive logistics and distribution services together with other added-value services and powerful Business Intelligence tools, in order to facilitate access to products from manufacturers to end consumers and to therefore have the flexibility necessary to meet the needs of its customers.

Grupo Logista therefore provides specialised services throughout the entire value chain, combining basic logistics services with added-value services and other advanced services for customers.

Grupo Logista integrates the entire supply chain in a single supplier in a transparent manner, with full traceability and using the most advanced and specialised services in each sector and points of sale channel in which it operates.

ORDER RECEPTION. SUPPLY

- Reception of multimodal orders: automatic capture via system interfaces, internet, telephone, fax,...
- Online order processing and monitoring
- Safety stock management in suppliers warehouses through daily communication orders

1

STORAGE AND STOCK MANAGEMENT

- Real-time inventory management
- Customized safety stock management.
- Adaptability to different types of products
- Availability of the tax and customs warehouses

2

ORDER PREPARATION

- Order preparation using radiofrequency
- Consolidation of orders from several suppliers
- Custom labelling and packaging
- Automatic sorting of shipments

3

TRANSPORT AND DISTRIBUTION

- Design and management of automated open routes
- Merchandise risk coverage
- Online connection with loading and unloading centres, and carriers
- Fleet control and monitoring (GPS, GSM, etc.)
- Multimodal transport (courier, full load, etc.).
- Industrial parcel service
- Courier, parcel and documentation services
- Delivery

4

INVOICING AND COLLECTION

- Invoicing
- Collections via cash on delivery, credit card
- Administrative support
- Incident management
- Up-to-date maintenance of applications and price information
- Integration of external call centres

5

CUSTOMER SERVICE AND AFTER-SALES SERVICE

- Incident management
- Control and management of returns
- Exchange of goods
- Customer information hotline service
- Up-to-date management and control of order status
- Integration with external call centres

6

Geographical **Coverage**

Delivery points
300,000

Storage area
+1,000,000 m²

Collaborators
15,000
Direct: c. 6,000
Indirect: c. 9,000

Point of Sale Terminals
45,000

Grupo Logista regularly and efficiently reaches around 300,000 delivery points in Spain, Portugal, France, Italy and Poland, thereby securing a high level of proximity to our customers.

Its widespread and extensive infrastructure network has over 1,000,000 m^2 of storage area in over 400 warehouses and service points, of which only the main facilities are owned by the Group. The distribution network thus brings together flexibility in its management, efficiency in operations and complete geographic coverage in the countries where the Group has a presence.

In addition, the use of advanced information systems applied to the company's activities ensures the efficiency, control and design of the transport routes and greater integration with manufacturers and points of sale. All of this with full traceability of products and operations.

Grupo Logista has thus proven to be the best partner for manufacturers and points of sale in these countries, as it provides the best and fastest access to the market for all products marketable according to the characteristics of the point of sale and its end customers.

Activities

Activities
Spain and Portugal

Higher efficiency, cost control and greater operating margin.

Grupo Logista is the leading distributor of tobacco-related and convenience products, electronic top-ups, pharmaceuticals, books, publications and lotteries, with regular delivery to around 173,800 delivery points.

These points of sale are spread throughout Spain and Portugal, and have an estimated daily traffic of over 12 million consumers.

Logista therefore provides the best and fastest access to the market for any marketable product according to the point of sale and its end customers, and so establishes itself as the best partner for manufacturers and points of sale in both countries.

In addition, the Group's transport area is a leader in Spain and Portugal thanks to its networks of courier services (Nacex), controlled and ambient temperature industrial parcel services (Integra2), and its long distance and full load services (Logesta).

Economic Sales for this segment increased by 1.2% in 2014 financial year compared to 2013 in a slowly improving macroeconomic environment, representing 51% of the Group's Economic Sales and 47% of its adjusted EBIT.

Tobacco and related products

Logista is the leading distributor of tobacco-related and convenience products, documents and electronic top-ups to tobacconists and similar points of sale in Spain and Portugal.

Logista provides manufacturers of tobacco-related products with the most extensive logistics value chain on the market, which includes demand planning, purchases, international transport from European factories, multichannel receipt of orders (Internet, POS terminals, etc.), storage and inventory management, order preparation, distribution to points of sale, invoicing, collection and customer service.

All these with specialised services within each stage of the value chain, with full traceability, security and a wide range of advanced Business Intelligence services thanks to its network of POS terminals installed at points of sale.

The main tobacco companies place their trust in Logista because of this extensive and specialised offer of services, as well as its neutrality and operational independence, and so regularly renew their distribution contracts.

In 2014 financial year Philip Morris Tabaqueira, the leader in Portugal, renewed its contract for distribution in the country, while Scandinavian Tobacco Group, the fifth largest manufacturer of cigars in Spain, entered into a new distribution agreement.

The volume of tobacco distributed in Spain slowed down its rate of decline during this financial year. Cigarettes distributed decreased by 3.8%, the first single-digit drop in the last five years. The decrease in the volume of cigars stabilised at around 2% thanks to the mini cigars. Fine-cut tobacco distributed accelerated its downturn to a 12.3% rate, influenced by tax changes in July 2013.

The price of cigarettes also eased its growth to an average of 5 cents per pack, compared to 25 cents in financial year 2013.

Meanwhile, a number of studies showed that the volume of illegal trade remained steady at around 11%.

The market seems to have stabilised in Portugal after the sharp drops in 2011 and 2012, and only decreased by 1.9%.

The Group maintains its firm commitment to improving its efficiency and investing in additional services for tobacco manufacturers and tobacconists, such as modernising and standardizing stores and cash & carries in Spain, or its repacking project in Portugal, which allows to change the price printed on the packs and on tax stamps, and have the product rewrapped to the original quality under agreed-upon standards approved by the customs authorities, thereby reducing product destruction by manufacturers.

Logista is also the leading distributor of convenience products, documents, electronic top-ups and transport cards to tobacconists and similar points of sale in Spain and Portugal.

The company's in-depth knowledge of the points of sale and their customers, as well as the continuous updating of its commercial offer, makes Logista the best partner to enable the points of sale to improve their sales and profitability, and the perfect vehicle for rapidly and efficiently introducing products and services into a capillary network of points of sale disseminated throughout the Iberian peninsula, formed by tobacconists, petrol stations, the HORECA channel, etc.

Thanks to its own multi-product platform, Logista strengthens its position in offering an intelligent recharging system that has already been implemented in point-of-sale networks for immediate introduction, sale and expansion of various electronic products and services.

173,800
delivery points

51%
of the Group's Economic Sales

47%
of the Group's adjusted EBIT

12
million consumers daily

35
million electronic top-ups

WIDE PORTFOLIO
of convenience products (tobacco-related and smoking items, stationery, snacks, consumable goods, drugstore products, etc.)

During the 2014 financial year Logista managed around 35 million electronic top-ups related to prepaid transactional services for mobile telephony products of the main operators, transport cards from various consortiums, etc.

Logista continues leading the transformation taking place from physical mediums to electronic recharging means in different sectors, such as that of tickets for public transport.

Logista extended its indisputable leadership in this sector in providing related services and contactless cards top-ups, whereby it managed 22% more top-ups in Spain than in the previous financial year, with paradigm cases such as the Regional Transport Consortium of Madrid, the Transport Consortium of Bizkaia, the Transport Consortium Network of Andalusia or the various transport entities in Valencia, Seville and Pamplona.

Logista also acts as the supplier of distribution services for Repsol petrol stations in Spain, a recently renewed agreement, whereby Logista repeatedly serviced around 2,500 points of sale in financial year 2014 for which it manages 3,600 references of food (with both refrigerated and ambient temperature requirements), beverages, Repsol boutique items, miscellaneous, drugstore products, consumable goods, auto parts and accessories, etc.

Transport

Grupo Logista is one of the leading transport operators in Spain through Nacex, Integra2 and Logesta in the courier, controlled and ambient temperature industrial parcel and long-distance and full-load management sectors, respectively.

In financial year 2014 Nacex raised its deliveries by 13% and Integra2 increased them by 7%, benefiting from the gradual recovery of activity in Spain.

Logesta offset the fall in tobacco volumes by adding new clients and growing in other industries, like the pharmaceutical and food sectors.

In courier services, the ecommerce segment experienced the greatest growth, while business clients kept the trend of demanding less urgent and lower rate services.

Nacex offers full coverage in Spain and Portugal with a network of 29 platforms, over 300 agencies and a subcontracted fleet of around 1,500 vehicles. This is complemented by Nacex.Shop, the company's network of 900 pick-up and delivery points primarily focused on ecommerce.

Integra2 specialises in controlled and ambient temperature industrial parcel transport services and is a benchmark for the gourmet food and pharmaceutical sectors.

Its network ensures control of the cold chain with thermal traceability, thanks to its 59 delegations with temperature-controlled facilities and its over 1,000 temperature-controlled vehicles.

During the 2014 financial year the sector's margins were affected by the strong price competition, however Integra2 continued to benefit from its position focused on specialised sectors of high added value.

Logesta offers its long-distance and full-load transport management services throughout Europe, through subsidiaries in Spain, Italy, Portugal, France and Poland.

Logesta specialises in transporting products of high value, such as tobacco or pharmaceutical products, and manages a fleet of around 1,600 trucks that are subcontracted, but fully integrated into the company's systems and its operating and safety standards

Other Businesses

Logista Pharma is Grupo Logista's company specialising in logistics and distribution for the pharmaceutical sector in Spain and Portugal.

It is the leading company in pharmaceutical distribution to hospitals and primary care centres, adding its consolidated experience in distribution to wholesalers and its growing presence in distribution to pharmacies. It also provides complementary services such as partial manufacturing, distribution of clinical tests, etc.

The company showed strong growth during the 2014 financial year, despite the effect that the measures taken to contain public spending had on the entire pharmaceutical sector, thanks to its value contribution to clients in all stages of the supply chain and to its innovative model of direct distribution to pharmacies.

Logista Pharma enables pharmacies to reach the volume needed to advantageously contract directly with laboratories, makes partial and joint multi-laboratory deliveries to pharmacies, and so provides them with the advantages of direct distribution and wholesale distribution in a single provider.

The company has five automated pharmaceutical logistics centres in Spain and one in Portugal that provide its customers with temperature-controlled storage (15°C-25°C) and refrigerated storage (2°C-8°C).

Logista Pharma leans on the Group's networks, Nacex, Integra2 and Logesta in order to transport and distribute pharmaceutical products throughout Spain and Portugal to wholesalers, hospitals, primary care centres and pharmacies, thereby ensuring full operational integration, physical and thermal traceability, the highest quality standards and the use of cutting-edge information systems.

Logista Libros is the Group's company specialising in the distribution of books throughout Spain, offering publishers and ecommerce and distance selling customers a wide range of services with delivery to book stores and large retail outlets, as well as home delivery.

In financial year 2014 Logista Libros improved its Economic Sales, despite the drop in the sector's sales caused by changes affecting paper books and the growth of electronic books, thanks to the incorporation of new customers such as Casa del Libro and Círculo de Lectores.

The company leans on Integra2 and Nacex, Group's transport companies, to make deliveries to over 4,300 book stores and large retail outlets throughout Spain, in addition to over 300,000 home deliveries through ecommerce orders.

Activities
France
Consolidation, efficiency and commitment to growth.

The Group is the leading distributor of tobacco-related and convenience products and electronic top-ups, with regular delivery to around 70,500 delivery points.

As is the case with other countries in which the Group has a presence, these delivery points are characterised by their capillary presence throughout the country and have an estimated daily traffic of over 14 million consumers.

Logista France has thus proven to be the best partner for manufacturers and points of sale, as it provides the best and fastest access to the market for any marketable products according to the characteristics of the point of sale and its customers.

Economic Sales remained almost constant, dropping 0.5% to 296.5 million euros in financial year 2014 compared to the previous year, despite the progressive decline in the macroeconomic environment. In 2014 this segment represented 29% of the Group's Economic Sales and 34% of its adjusted EBIT.

Tobacco and related products

Logista France is the leading distributor of tobacco-related and convenience products, documents and electronic top-ups to over 25,000 tobacconists in France.

As is the case in Spain, Logista France offers manufacturers of tobacco-related products the most extensive logistics value chain, from planning of demand and purchasing the products to invoicing and collecting from the tobacconist, as well as customer service.

Specialised services are also added at each stage of this value chain, with full traceability and security, adding a full range of advanced Business Intelligence services thanks to its network of POS terminals installed at more than 10,000 points of sale.

In financial year 2014 Logista France renewed its contract with Philip Morris International, the first tobacco company in the country, thereby affirming the company's leadership and the recurring confidence of the main international manufacturers in Logista France.

The drop in the overall volume of distributed tobacco slowed down, decreasing by 4.6% in cigarettes and by 2.7% in RYO tobacco, compared to the 9% drop and 2.2% increase in 2013, respectively. However, it was considerably affected by the increase in cross-border sales and sales of illegal and smuggled products, which some studies show to be around 25% of the market.

The price of cigarettes also eased its growth to an average of 0.20 euros per packet, compared to 0.60 euros in 2013.

The policy of continuously improving its operations has led Logista France to implement various projects aimed at improving its operating efficiency in this area, by reducing overall expenses and, in particular, by adapting its logistics network to the declining tobacco market and by optimising its distribution network and transport routes.

The reorganisation of the picking preparation in Lyon is currently being implemented, and will be completed in financial year 2015.

70,500
delivery points

29%
of the Group's Economic Sales

34%
of the Group's adjusted EBIT

14
million consumers daily

25,000
tobacconists in France

10,000
POS terminals

In addition, Logista France provides tobacconists with an extensive catalogue of products and services of smoking-related items, consumer goods, gifts, stationery products, documents and e-transaction products.

The close commercial relationship that Logista France has historically kept with French tobacconists has allowed the company to provide them with a wide range of products and services specifically adapted to their needs and those of their end customers, enabling them to improve their sales and profitability, increasing the commercial appeal of the points of sale for their end customers.

Logista France has therefore become a unique referencing supplier for tobacconists in France, to which it distributes tobacco-related products and convenience items.

Sales from e-transactions, in which Logista France is the market leader, dropped sharply regarding telephone top-ups. However, the company's ability to react, its knowledge of the points of sale and their end customers, and the continuous updating of its portfolio of products and services enabled the company to mitigate this drop.

In line with the Group's strategy, Logista France has continued to strengthen its already close relationship with the points of sale through POS terminals.

The number of points of sale equipped with Logista France's POS terminals increased in 2014 as a result of the significant reduction in operating costs and the advanced technology used in the POS terminals, which allowed its customers to benefit from a highly competitive offer.

Other Businesses

Logista France also offers food products and beverages, consumer goods, stationery products and smoking-related items to around 45,000 points of sale (petrol stations, grocery stores, vending machines operators, etc.) in France.

In this regard, Logista France has made a strong commitment to improve its market position after the disappearance of a certain competitor, and incorporated a large number of new customers in the various channels in which the company operates.

The commercial effort made caused revenues in this area to grow by 20%, thereby increasing its market share, especially in the petrol station and vending machines operators channel, although the higher proportion of beverages among other products distributed decreased the margin to a certain extent.

Consequently, Logista France was able to achieve a better market position, which it expects to progressively exploit over the coming years.

Logista France will therefore benefit from its important commercial presence (made up of more than 200 salespeople focused on these channels, who have received additional training), as well as the company's competitive gains by optimising its transport, storage and information system areas.

+20%
revenues in other businesses

45,000
points of sale
(petrol stations, grocery stores, vending machines operators, etc.)

200
salespeople focused on these channels

Activities
Italy
The new organisational model increases the profitability.

Logista Italia is the leading distributor in the country of tobacco-related and convenience products to over 55,000 tobacconists and convenience stores in Italy, which constitute an unmatched retail network in terms of its capillarity, its presence in a citizen's daily life and its involvement in the country's commercial and economic fabric.

In line with the Group's operations in this sector, Logista Italia offers manufacturers of tobacco-related products, food products and convenience items the most extensive, cutting-edge and efficient logistics value chain in the market.

In Italy, as is the case with other countries where the Group has a presence, manufacturers continue to put their trust in Logista Italia, renewing and expanding the services they require.

In financial year 2014 Philip Morris International and British American Tobacco renewed their distribution and transport contract, while Japan Tobacco International expanded the services contracted to include all international transport.

It is also noteworthy that Philip Morris International chose Logista Italia to provide the storage, transport, distribution and added-value services for its innovative project on next-generation tobacco products.

The volume of cigarettes distributed decreased by only 0.4%, compared to the 6.1% drop in 2013, while RYO tobacco was up 3.4%, compared to the 1.2% drop in the previous year. Sales of convenience products, marketed through its investee Terzia, posted double-digit growth.

Following the changes made to the operating model in financial year 2013, the recently finished financial year 2014 was the first in which the company was able to reap the benefits of this new model for a full twelve months.

Economic Sales grew by a significant 9.4% to 210.4 million euros. Despite the country's still difficult macroeconomic environment, Logista Italia, in addition to increasing its Economic Sales, also improved its profitability.

55,000
tobacconists and convenience stores in Italy

+9.4%
Economic Sales

+18.2%
of adjusted EBIT

Throughout the previous financial year, the company concentrated the picking in 8 central and regional warehouses, thereby improving productivity in picking order preparation in the main facilities, with the investment made in the Anagni central warehouse of significant importance.

Manual picking was therefore significantly reduced in Italy, such that half of the picking is semi-automated and the other half of the picking order preparation is fully automated.

Similarly, the company implemented the new release of its SAP company management software, which is also being extended to the area of convenience products.

Its network of old local warehouses was also transformed into 175 service points with stores and/or cash & carry, both for tobacco-related products and other convenience products marketable by over 55,000 tobacconists in Italy.

The centralisation of the picking and the reduction in the network of old local warehouses allow to reduce inventory, thereby significantly improving distribution efficiency.

Along with this reorganisation, a similar improvement was made to the network of local warehouses, which benefit from lower operating costs and access to the portfolio of convenience products of Terzia, Logista Italia's subsidiary specialising in the sale of convenience items, in order to shift its activity to have a greater commercial focus.

The new model provides significant benefits to the local network with regard to its ability to respond to market changes:

- Improved management of new product launches, which are increasingly frequent
- Greater aptitude for limited editions and versions of new products
- Immediate product availability at the local level to respond to greater demand when launching new products
- Reduction in order delivery periods
- Improved handling of increases in order frequency
- Greater logistics synergies between tobacco-related products and convenience items

The improvements of the new model extended to tobacconists and to transport, in which the direct transportation service to the tobacconist already has more than 33,000 member points of sale, accounting for over 60% of the tobacconists in the country.

It should be added that the reduction in the number of facilities and the optimisation of inventory also allowed the transport routes to be reorganised, thereby notably improving operating efficiency.

Similarly, Logista Italia developed and implemented new improvements in the software of the POS terminals, such as the possibility of ordering convenience products, which facilitated an increase of more than 30% in orders placed by digital means or the possibility of ordering tobacco-related products and convenience items even being away from the tobacconist. There was also a boost to other sales and customer service channels, such as the website or the call center.

These innovations have allowed tobacconists to place half of their orders online or telematically and, therefore, they need less time to place orders, are better aware of their needs and benefit from better services, such as a reduction in delivery time.

As a result, Logista Italia improved its operating efficiency, significantly increased its sales of convenience items and, consequently, reported a notable improvement in margins and profitability, as shown by the aforementioned 9.4% increase in Economic Sales which, in the case of adjusted EBIT, translated into an 18.2% improvement.

Structure and Organisation

Human resources, technology and infrastructures

Grupo Logista strengthens and invests in these areas as some of its strongest competitive advantages.

Human Resources

Throughout the 2014 financial year, Grupo Logista had an average workforce of 5,866 professionals, of which over 85% were permanent employees of the Group.

Around 60% of these professionals are located in Spain, while the other 40% are in the other countries where the Group has a presence, in line with the Group's clear international commitment.

Grupo Logista rewards individual effort and endeavours to provide the company's employees with professional development.

Over 75,000 hours of training were provided in over 800 training initiatives during 2014 financial year.

It is also important to mention the company's commitment to in-house talent. Those professionals with great potential are therefore identified and provided with training that more rapidly develops their abilities with individual development plans and specific training sessions, which allow them to become qualified and cover the company's future needs.

The Group's Management Committee is involved in the process by establishing the talent strategy and inquiring the results. Consequently, 40 positions of responsibility in the Group were covered in-house and through horizontal movements last financial year, whereby the International Mobility Policy is key given the Group's growing expansion.

The Graduates programme attracts talent from the main universities and business schools, with which the Group collaborates and from which it selects qualified candidates that are at least trilingual and have international mobility. The introduction programme allows them to gain knowledge and have specific responsibilities, with a 3-month post in any of the countries in which the Group has a presence. Once the programme is completed, they are offered a position in one of the Group's strategic businesses.

Occupational Risk Prevention (ORP) is fundamental for ensuring the safety of people, facilities and processes. Grupo Logista's ORP Management Systems help to identify, manage, review and improve any risks to which the Group's professionals may be exposed.

Logista has indicators and objectives for continuous improvement in this regard and studies the best practices of the main multinational companies in the sector.

It should be noted that last financial year Logista was recognized, for the second year in a row, as one of the best companies to work for in the logistics sector in Spain.

The Group's new Intranet, with access for all Grupo Logista's professionals, is also noteworthy of mention and is a fundamental tool for ensuring cohesion and understanding between the Group's countries, activities and companies.

Information systems

Digital Channels: The intensive application of cutting-edge technology in the Group and the significant investment to strengthen the integration in the points of sale within all its channels, constitute another competitive advantage of Grupo Logista and a fundamental tool for the growth of its digital sales channels.

Applying the most advanced Cloud and Big Data technologies also facilitate the Group its essential specialisation and integration in the supply chain of all its customers and channels.

Grupo Logista uses the SAP Business Intelligence system to integrate all information relating to sales, transport optimisation and operations, with the aim of fully integrating the value chain, from manufacturers to the point of sale and the consumer.

ecommerce: During the financial year 2014, Grupo Logista strengthened its integration with the points of sale in all markets and channels thanks to its information systems. The most modern technologies in digital channels allow tobacconists to place orders for tobacco-related products and convenience items through POS terminals, ecommerce platforms and mobile devices.

Logista's POS terminals, mobile devices and eCommerce platforms allow customers to place orders, manage their stock and obtain other added-value services, such as sales and market analysis, account updates, electronic billing and call centre integration, in all tobacco, pharmaceutical and book store channels.

There are already 20,000 points of sale for tobacco-related products and convenience items using Logista's POS terminals in Italy and, therefore, they are able to track the order status and check their stock levels using a smartphone application. The SAP roll-out for 175 local storage facilities optimises the supply chain and facilitates efficient replenishment.

The integration of over 45,000 POS terminals in various countries and channels in the Group's systems significantly increases the productivity and efficiency of the point of sale and the Group's activities, and allows to immediately adapt to any legal change. Tobacconists always have an assortment in line with the consumer's behaviour as a result of the sales analysis performed for that region. Opportunities for cross-selling strengthen loyalty to Logista. Online analysis of promotions, profitability of new products and point of sale information with cutting-edge Big Data technologies strengthen the growth of profitable sales.

In financial year 2014 the Group continued the migration of the wholesale distribution platform for convenience items to its SAP platform, which has already been successfully completed in Spain and France, thereby reinforcing the integration of around 40,000 tobacconists and enabling approximately 20,000 references to be centrally managed.

In addition to the subsequent efficiency improvements in purchases and storage, the marketing teams are now able to online analyse the profitability of multinational initiatives and promotions, thereby deepening in continuous improvements on product portfolios and cross-selling.

Infrastructures

Logista has one of the most extensive, specialised and technologically-advanced infrastructure and transport networks in Southern Europe.

Over 1 million m^2 in logistics platforms are available to our customers, manufacturers and points of sale, and make up a network with a local presence formed by more than 400 warehouses and points of service in Spain, Portugal, France, Italy and Poland.

This specialised and capillary network ensures total coverage in the countries where Grupo Logista has a presence and allows us to regularly and efficiently reach almost 300,000 delivery points.

In financial year 2014, a constant analysis was maintained in order to optimise and improve the network. As a result, Supergroup, a subsidiary of Logista France that specialises in the distribution of convenience items to grocery stores, petrol stations, convenience stores, etc., moved its operations in Toulouse, Gondreville and Croissy to respective new facilities with a joint surface area of 18,000 m^2.

Corporate Social **Responsibility**

Grupo Logista carries out its business strategy complying with good corporate governance principles, fully adhering to ethical values and collaborating with society in charitable work.

Environment

Environmental sustainability and energy efficiency.

Grupo Logista is continuously committed to ensuring that its comprehensive and specialised distribution service is carried out with maximum quality and efficiency.

This is also the framework for its commitment to an environmentally sustainable activity, with projects that allow reaching new energy efficiency levels.

The Group has established a Strategic Corporate Environmental Plan with specific projects and parameters for 2014-2016, including the Environmental Scorecard, energy efficiency management, carbon footprint calculation and verification, industrial and environmental legislation database or an environmental awareness tool, among others.

During the 2014 financial year, Grupo Logista developed an extensive system for analysing and calculating its carbon footprint. The system includes a calculation and analysis methodology based on the internationally recognized Green House Green Protocol standard, and on the UNE-EN-16258:2012 standard for energy consumption and greenhouse gases emissions in freight services.

Grupo Logista has calculated and verified, in accordance with ISO 14064 standard and with the highest level of assurance, the emissions by the electricity and fuel consumption from all the Group's activities, broken down by country and business unit, and by the freight services managed by the Group even though they are outsourced, whereby the Group has gone beyond the customary standard verifications.

This evidences Grupo Logista's clear willingness to achieve complete sustainability, with an essential first step for a better and more specific understanding of the environmental effect of its activities, based on which it may establish a programme of reduction targets for the coming years and analyse its compliance.

-80%
use of cardboard boxes

In 2014 an integrated system for use, recovery and reuse of the cardboard boxes used in deliveries to almost 13,000 tobacconists in Spain was implemented.

In 2014 an integrated system for use, recovery and reuse of the cardboard boxes used in deliveries to almost 13,000 tobacconists in Spain was implemented.

With this integrated system, Logista makes deliveries, manages returns and carry out quality control in order to reuse the boxes throughout the entire network, thereby optimising trips and minimising transport flows.

Logista daily inspects around 14,000 boxes in circulation and keeps control of them, including tracking, traceability, use-counting with data broken down by provinces and transport routes, etc.

This system cuts back on the use of cardboard boxes in Spain by some 80%, reduces the use of boxes by 2.8 million units and that of cardboard by some 1,445Tm, while also managing over 200Tm of cardboard to be recycled. All this is equal to cutting CO_2 emissions to the atmosphere by 1,664Tm per year, an amount equivalent to that set by over 2,900 trees in a year.

The Group will extend this model already being used in France, and now in Spain, to Italy for the purpose of implementing the best practices and standards in efficiency and quality of service.

Grupo Logista's commitment to continuously improve the environmental sustainability of its activities is reflected in its Corporate Policy for Quality, Environment and Energy Efficiency, whereby the Group seeks, develops, and implements the best available practices to minimize the impact of its activity on the environment.

This Policy is driven and backed at the Group's highest level, and is published on its corporate website (www.grupologista.com) for widespread knowledge, whereby the Group undertakes to integrate this Policy in its actions and decisions, and support all of its employees and collaborators in order to achieve the company's objectives with regard to quality, the environment and energy efficiency.

In 2014, the Group participated for the fourth year in a row in the Carbon Disclosure Project international initiative for environmental sustainability. This independent non-profit organisation maintains the largest worldwide database on information and corporate assessment in this regard.

This organisation gave Grupo Logista a score of 98 points out of 100 for the management and transparency of the information reported by the Group, and gave the Group's performance a B (on a scale from A to E) in assessing performance, which measures actions taken by the Group to mitigate climate change.

Relationship with customers and channels

Mutual added value, relationships and long-term transparency with similar values.

Grupo Logista bases its relationship with customers and channels on the mutual creation of value over the long term.

Grupo Logista provides a comprehensive, transparent distribution service in constant improvement and focused on operational integration, which then strengthens the necessary relationship of trust to achieve daily and long-term targets.

This permanent commitment to improvement helps the Group consolidate its relationship with manufacturers and points of sale, and is therefore one of the key strategies in Grupo Logista's business success.

Grupo Logista therefore keeps a continuous relationship with them, seeking and gathering their opinions, suggestions, queries and complaints through various channels, including by e-mail, surveys, the call centre and, of course, in person.

Grupo Logista also has long-lasting relationships with its operating suppliers, and requires them to share the Group's fundamental values regarding ethics, employment, the environment, quality and a commitment to the customer, building long-term relationships that generate value and are transparent and profitable.

Relationship with employees

Professional development and value contribution in a good work environment.

Grupo Logista's professionals are one of its main competitive advantages. Consequently, the Group invests in their professional development and ensures that their talent, professionalism and capabilities are developed in the best possible environment, extending the principle of mutual creation of value to this area.

The Group therefore provided over 75,000 hours of training in the 2014 financial year and expanded on its strategy of detecting in-house talent and establishing individualised training and development plans. In-house promotion, which extends to positions of responsibility, was also encouraged.

The 2014 Work Environment Survey, carried out in every country where the Group is present, showed that its professionals felt a strong sense of belonging to the Group. For the second year in a row, Logista was awarded as one of the best companies to work for in the logistics sector in Spain.

Relationship with shareholders and investors

Value creation, transparency and responsibility.

Grupo Logista's aim is to create value for shareholders, which is a basic principle for maintaining and improving shareholder remuneration. The Group therefore seeks out profitability in all its operations, and examines them both individually and within the context of their contribution of value to the Group.

The Group is very much aware of the interests of its shareholders and therefore endorses the principles of Good Corporate Governance, with a special emphasis on transparency and responsibility to the community of shareholders and investors.

The Group has made numerous information channels available to its shareholders and investors, including the Group's website, www.grupologista.com, which includes basic information on the Group's activities, relevant events and most important news, as well as the company's results presentations.

The Annual Report, Corporate Governance Report and Remuneration Report can also be found on the website in both English and Spanish. The Group also organises personal visits, participates in seminars and forums, and makes its e-mail address, investor.relations@grupologista.com, and the Investor Relations telephone number, +34 91 491 98 26, available to shareholders and investors to answer any queries they may have.

Relationship with society

Commitment, solidarity and local action.

Grupo Logista and its subsidiaries are committed to social causes, and collaborate with various charitable organisations and associations in different areas, mainly through local actions.

Integra2 voluntarily collaborated in the distribution of food collected during campaigns carried out in November 2013 by food banks in Seville, Madrid and Catalonia. Over 3,000 tonnes of food were collected in Catalonia alone, and in Madrid collaboration was extended to the olVIDAdos Association, a non-profit association comprised only of volunteers that helps over 1,800 families in certain neighbourhoods of Madrid, such as Orcasitas, el Pozo del Tío Raimundo, Villaverde Alto, Palomeras and Pan Bendito.

In addition, Integra2 Barcelona has been collaborating with the Sanfilippo Barcelona Association since October 2013 and collects around 2 tonnes of plastic caps every month to be recycled and obtain money to finance research for treatment for Sanfilippo Syndrome, a degenerative, cumulative and genetic childhood illness that leads to premature death.

Nacex also actively collaborates on numerous projects. The company is a Protecting Member of the Multiple Sclerosis Foundation, collaborates in the "Que no Falte de Nada" (Let Nothing be Lacking) campaign, in which toys are collected and delivered to hospitalised children, and sponsors the Nacex Paddle Challenge, in which ex-footballers of Real Madrid and Barcelona play to raise money for charity.

Nacex, along with its franchises in the province of Barcelona, also participates in the "Entitats amb Cor" (Companies with a Heart) programme, in which food is collected during the Christmas campaign and delivered to the Cáritas centres in Barcelona.

In the sports area Nacex also sponsors, among other actions, the Catalonia Tennis Federation by providing vehicles for transporting players and collaborates with the Campus Sergi Barjuan and Campus Xavi Hernández children's sport centres.

Logesta continues to collaborate by sponsoring children in Cambodia, Peru and Guatemala, and by supporting the development of communities with regard to education, culture, food safety, healthcare, infrastructure, production and training.

Shares and shareholders

On 14 July 2014, Grupo Logista was once again publicly traded on the Spanish stock markets, receiving significant support from institutional investors, which underlined the Group's position as the leading distributor in Southern Europe, the soundness of its business model and its clear strategy to continue carrying on its business activities.

On 30 September 2014, Grupo Logista had a share capital, fully subscribed and paid, of 26,550,000 euros, represented by 132,750,000 shares of 0.20 euros par value each. All shares are of a single class and series, and have the same rights.

As of such date, and in accordance with the CNMV's information, the most significant shareholdings in the Company exceeding 3% are as follows:

Shareholders	No. of Shares	%
HSBC HOLDINGS, PLC.	5,210,303	3.925%
KAMES CAPITAL PLC.	5,300,000	3.992%
IMPERIAL TOBACCO GROUP, PLC.*	96,545,45	72.727%

*Direct Shareholding: ALTADIS, S.A.U. Recorded on the date of admission to listing. Current shareholding is 70%

#04 | % | GRUPO LOGISTA'S SHARE

* Revaluation of Grupo Logista with regard to the placement price (EUR 13 per share)

Total securities traded during the year, since listing on 14 July to 30 September 2014, amounted to 24,614,887, which represents an 18.5% turnover with regard to share capital at year end, with a trading frequency of 100% and an average volume of 431,840 shares traded per stock market session.

Since it began to be traded, on 14 July 2014 until fiscal year end on 30 September 2014, the Grupo Logista's share price increased by 10.8% to 14.4 euros per share, with a capitalisation of 1,911.6 million euros, compared to the 2.7% increase in the IBEX 35 to 10,825.5 points during this same period.

At the 2014 General Meeting of Shareholders, Grupo Logista's Board of Directors will propose to examine and approve a dividend of 0.56 euros per share, as announced during the period of the Public Offering.

Grupo Logista's dividend policy, subject to approval by the General Meeting of Shareholders, consists of an annual payout which stands at around 90% of the consolidated net profit.

This dividend, if applicable, will be paid by means of an interim dividend approximately equal to one-third of the total dividend of the previous fiscal year and a final dividend.

Subsequent to the fiscal year end, on 22 December 2014 Grupo Logista was included in the Ibex Medium Cap index, which includes the largest companies in terms of market capitalisation after those included in the IBEX 35.

The Ibex Medium Cap is made up of the 20 largest securities on the Spanish stock market following those included in the IBEX 35 by market capitalisation adjusted by free float, provided that the security's annual turnover with regard to its free float is greater than 15%. Grupo Logista's market capitalisation will be weighted by 40%.

Grupo Logista has a website, an e-mail address and a contact telephone number for both shareholders and institutional investors wishing to solve any doubt or requiring further clarification.

Website: www.grupologista.com
Contact e-mail address: investor.relations@grupologista.com
Contact telephone no.: +34 91 481 98 26

Main **companies**

Compañía de Distribución Integral Logista Holdings, S.A.

Compañía de Distribución Integral Logista, S.A.U. (100%)

- **Grupo Dronas (100%)**
  - T2 Gran Canaria (100%)
  - Logista Pharma (100%)
    - Logilenia (100%)
- **Logista-Dis (100%)**
- **Logista Libros (50%)**
- **La Mancha (100%)**
- **Logesta (100%)**
  - Logesta Italy (100%)
  - Basegar (60%)
  - Logesta Francia (50%)
  - Logesta Deutschland (100%)
  - Logesta Maroc (34%)
  - Logesta Lusa (51%)
  - Logesta Polska (51%)
- **Logista Publicaciones (100%)**
  - Distribuidora del Este (100%)
  - Disvesa (50%)
  - Cyberpoint (100%)
  - Distrisur (50%)
  - Distribuidora de Aragón (5%)
  - Provadisa (90%)
  - Las Rías (90%)
  - Distribuidora de Ediciones Sade (100%)
  - Dima (12.56%)
  - Distriberica (100%)
    - Distribuidora del Noroeste (51%)
    - Pulisa (100%)
    - Provadisa (10%)
    - Las Rías (10%)
    - Distribuidora de Publicaciones Siglo XXI Guadalajara (80%)
- **Distribuidora del Noroeste (49%)**
- **Logista France Holding (100%)**
  - Logista Promotion et Transport (100%)
    - Logesta Francia (50%)
- **Logista France (100%)**
  - Strator (100%)
  - SAF (100%)
    - Supergroup (100%)
- **Logista Italy (100%)**
  - Terzia (68%)
  - Banca ITB (13.33%)
- **Midsid (100%)**
- **Logista Transportes e Transitos (100%)**
  - Logesta Lusa (49%)
- **Logesta Polska (49%)**
- **Logista Polska (100%)**

Board of **Directors**

Mr. Gregorio Marañón y Bertrán de Lis
Chairman

Mr. Luis Egido Gálvez
CEO

Mr. Rafael de Juan López
Secretary Director

Ms. Cristina Garmendia Mendizábal
Director

Mr. Adam Britner
Director

Mr. John Downing
Director

Mr. Nicholas Keveth
Director

Mr. David Resnekov
Director

Mr. Stéphane Lissner
Director

Mr. Eduardo Zaplana Hernández-Soro
Director

Grupo Logista

● Audit and Control Committee
● Appointments and Compensation Committee

Financial Information

Report of Independent Auditors

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 33). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Compañía de Distribución Integral Logista Holdings, S.A., at the request of the Board of Directors:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Compañía de Distribución Integral Logista Holdings, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated balance sheet at 30 September 2014 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended ("2014").

The Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for the preparation of the accompanying consolidated financial statements so that they present fairly the equity, financial position and results of operations of the Group in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the directors of the Parent of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries at 30 September 2014, and the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2014 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 consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2014. Our work as auditors was confined to checking the 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.

DELOITTE, S.L.

Registered in ROAC UNDER NO. S0692

José Luis Aller

20 November 2014

Consolidated balance sheets
at 30 September 2014 and 2013 (thousands of euros)

ASSETS	Note	30-09-2014	30-09-2013 (*)
NON-CURRENT ASSETS:			
Property, plant and equipment	6	213,437	242,732
Investment property		12,851	12,941
Goodwill	7	919,190	919,190
Other intangible assets	8	713,787	756,278
Investments in associates	9	38	36
Other non-current financial assets	10	9,407	12,010
Deferred tax assets	20	59,405	57,048
Total non-current assets		**1,928,115**	**2,000,235**
CURRENT ASSETS:			
Inventories	11	1,066,650	1,208,067
Trade and other receivables	12	1,769,196	1,560,090
Tax receivables	20	15,257	14,495
Other current financial assets	10	1,668,528	1,601,787
Cash and cash equivalents	13	32,372	149,907
Other current assets		6,785	9,869
Total current assets		**4,558,788**	**4,544,215**
NON-CURRENT ASSETS HELD FOR SALE		**1,391**	**1,276**
TOTAL ASSETS		**6,488,294**	**6,545,726**

The accompanying Notes 1 to 33 are an integral part of the consolidated balance sheet at 30 September 2014.
(*) It relates to the consolidated balance sheet of Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries (see Note 1).

EQUITY AND LIABILITIES	Note	30-09-2014	30-09-2013 (*)
EQUITY:			
Share capital	14	26,550	26,550
Share premium	15	942,148	178,814
Reserves of the Parent	15	(176)	7,172
Reorganisation reserves	15	(753,349)	-
Reserves at consolidated companies	16	142,676	138,882
Translation differences		180	137
Reserve for first-time application of IFRSs	15	19,950	19,950
Consolidated profit for the period		102,347	87,605
Interim dividend	15	(39,825)	-
Equity attributable to shareholders of the Parent		440,501	459,110
Minority interests	17	1,927	1,714
Total equity		**442,428**	**460,824**
NON-CURRENT LIABILITIES:			
Other financial non-current liabilities		4,940	4,943
Other non-current liabilities		300	526
Long-term provisions	19	55,278	161,180
Deferred tax liabilities	20	357,515	374,711
Total non-current liabilities		**418,033**	**541,360**
CURRENT LIABILITIES:			
Bank borrowings		2,623	3,729
Other current financial liabilities	21	32,560	115,943
Trade and other payables	22	981,540	1,037,598
Tax payables	20	4,537,675	4,321,421
Short-term provisions	19	18,068	10,154
Other current liabilities	23	55,367	54,697
Total current liabilities		**5,627,833**	**5,543,542**
TOTAL EQUITY AND LIABILITIES		**6,488,294**	**6,545,726**

The accompanying Notes 1 to 33 are an integral part of the consolidated balance sheet at 30 September 2014.
(*) It relates to the consolidated balance sheet of Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries (see Note 1).

Consolidated income statements

for the years ended 30 September 2014 and 2013 (thousands of euros)

	Note	2014	2013 (*)
Revenue	25a)	9,506,567	9,862,814
Procurements		(8,470,554)	(8,851,304)
Gross profit		**1,036,013**	**1,011,510**
Cost of logistics networks			
Staff costs	25b)	(163,645)	(164,995)
Transport costs		(204,240)	(205,387)
Provincial sales office expenses		(69,755)	(71,261)
Depreciation and amortisation charge	6 and 8	(85,715)	(87,499)
Other operating expenses	25c)	(177,820)	(155,950)
Total cost of logistics networks		(701,175)	(685,092)
Commercial expenses			
Staff costs	25b)	(41,445)	(42,270)
Other operating expenses	25c)	(25,438)	(25,885)
Total commercial expenses		(66,883)	(68,155)
Research expenses		(2,675)	(3,397)
Head office expenses			
Staff costs	25b)	(67,002)	(73,969)
Depreciation and amortisation charge	6 and 8	(3,759)	(4,670)
Other operating expenses	25c)	(35,878)	(35,663)
Total head office expenses		(106,639)	(114,302)
Share of results of companies	9	(1,206)	(498)
Net loss on disposal and impairment of non-current assets	6 and 8	(16,143)	(14,404)
Other expenses		(2,328)	(2,511)
Profit from operations		**138,964**	**123,151**
Finance income	25e)	21,771	7,374
Finance costs	25f)	(7,105)	(11,589)
Profit before tax		**153,630**	**118,936**
Income tax	20	(54,071)	(30,329)
Profit for the period from continuing operations		**99,559**	**88,607**
Result for the period from discontinued operations net of tax		2,959	(1,022)
Profit for the period		**102,518**	**87,585**
Attributable to			
Shareholders of the Parent		**102,347**	**87,605**
Minority interests	17	171	(20)
Basic earnings per share	5	**1.40**	**1.20**

The accompanying Notes 1 to 33 are an integral part of the consolidated income statements for 2014.
(*) It relates to the consolidated income statement of Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries (see Note 1).

Consolidated statements of comprehensive income

for the years ended 30 September 2014 and 2013 (thousands of euros)

	2014	2013 (*)
Profit for the year	**102,518**	**87,585**
Net gain (loss) on available for sale financial assets during the year	-	-
Net gain (loss) on cash flow hedging instruments available for sale financial assets during the year	-	-
Net actuarial gain (loss) recognised directly in equity (Note 19)	(1,366)	-
Foreign exchange rate changes	43	(29)
Net gain (loss) on taxes recognised directly in equity	-	-
Total other comprehensive income	**(1,323)**	**(29)**
Total comprehensive income fot the year	**101,195**	**87,556**
Attributable to-		
Shareholders of the Parent	101,024	87,576
Minority interests	171	(20)
Total atributable	**101,195**	**87,556**

The accompanying Notes 1 to 33 are an integral part of the consolidated statement of comprehensive income for 2014.
(*) It relates to the consolidated statement of comprehensive income of Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries (see Note 1).

Consolidated statements of changes in equity

for the years ended 30 September 2014 and 2013 (thousands of euros)

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Reserve for First-Time Application of IFRSs	Profit for the Year	Interim Dividend	Equity attributable to shareholders of the Parent	Minority Interests	Total Equity
Balance at 30 September 2012 (*)	**26,550**	**178,814**	**6,876**	**-**	**131,516**	**166**	**19,950**	**82,186**	**-**	**446,058**	**1,812**	**447,870**
Net profit for 2013 attributable to the Parent	-	-	-	-	-	(29)	-	87,605	-	87,576	-	87,576
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	(20)	(20)
Income and expenses recognised in the period	**-**	**-**	**-**	**-**	**-**	**(29)**	**-**	**87,605**	**-**	**87,576**	**(20)**	**87,556**
I. Transactions with Shareholders:												
Distribution of profit:												
To reserves	-	-	296	-	7,550	-	-	(7,846)	-	-	-	-
Dividends (Note 15)	-	-	-	-	-	-	-	(74,340)	-	(74,340)	-	(74,340)
Sale of minority interests	-	-	-	-	-	-	-	-	-	-	(17)	(17)
II. Business combination (Note 32)	-	-	-	-	-	-	-	-	-	-	(61)	(61)
III. Other changes	-	-	-	-	(184)	-	-	-	-	(184)	-	(184)
Balance at 30 September 2013 (*)	**26,550**	**178,814**	**7,172**	**-**	**138,882**	**137**	**19,950**	**87,605**	**-**	**459,110**	**1,714**	**460,824**
Net profit for 2014 attributable to the Parent	-	-	-	-	-	43	-	102,347	-	102,390	-	102,390
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	171	171
Actuarial losses (Note 19)	-	-	-	-	(1,366)	-	-	-	-	(1,366)	-	(1,366)
Income and expenses recognised in the period	**-**	**-**	**-**	**-**	**(1,366)**	**43**	**-**	**102,347**	**-**	**101,024**	**171**	**101,195**
I. Transactions with Shareholders:												
Distribution of profit:												
To reserves	-	-	2,753	-	5,202	-	-	(7,955)	-	-	-	-
Dividends (Note 15)	-	-	-	-	-	-	-	(79,650)	-	(79,650)	-	(79,650)
Increase/Decrease arising from reorganisation (Note 15)	-	763,334	(10,101)	(753,349)	-	-	-	-	-	(116)	-	(116)
Interim dividend (Note 15)	-	-	-	-	-	-	-	-	(39,825)	(39,825)	-	(39,825)
Acquisition of non-controlling interests (Note 17)	-	-	-	-	(42)	-	-	-	-	(42)	42	-
Balance at 30 September 2014	**26,550**	**942,148**	**(176)**	**(753,349)**	**142,676**	**180**	**19,950**	**102,347**	**(39,825)**	**440,501**	**1,927**	**442,428**

The accompanying Notes 1 to 33 are an integral part of the consolidated statement of changes in equity for 2014.
(*) It relates to the consolidated statement of changes in equity of Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries (see Note 1).

Consolidated statements of cash flows

for the years ended 30 September 2014 and 2013 (thousands of euros)

	Note	Ejercicio 2014	Ejercicio 2013 (*)
1. OPERATING ACTIVITIES:			
Consolidated profit before tax from continuing operations		**153,630**	**118,936**
Adjustments for-			
Result of companies accounted for using the equity method		1,206	498
Depreciation and amortisation charge	6 and 8	90,118	92,169
Impairment losses	6 and 8	15,501	10,876
Provisions recognised/ (reversed)		(13,937)	30,098
Proceeds from disposal of non-current assets	6 and 8	567	(88)
Other adjustments to profit		-	9,312
Financial profit		(14,666)	4,215
Adjusted profit		**232,419**	**266,016**
Net change in assets / liabilities-			
(Increase)/Decrease in inventories		137,733	(18,481)
(Increase)/Decrease in trade and other receivables		(210,897)	73,823
(Increase)/Decrease in other non current assets		-	(197)
Increase/(Decrease) in trade payables		(56,058)	(22,209)
Increase/(Decrease) in other current liabilities		182,813	(4,930)
Increase (Decrease) in other non-current liabilities		(56,212)	(37,374)
Income tax paid		(56,014)	(35,413)
Finance income and costs		7,666	(4,215)
Total net cash flows from operating activities (I)		**181,450**	**217,020**
2. INVESTING ACTIVITIES:			
Net investment in property, plant and equipment	6	(19,166)	(24,737)
Addition to intangible assets	8	(15,944)	(11,360)
Proceeds from financial divestments and other current and non-current financial assets		(63,782)	(98,229)
Sale of non-current assets held for sale		4,100	239
Total net cash flows from investing activities (II)		**(94,792)**	**(134,087)**
3. FINANCING ACTIVITIES:			
Dividends paid (-)	15	(119,475)	(74,340)
Changes in current borrowings	21	(84,489)	(33,306)
Changes in non-current borrowings		(229)	(174)
Total net cash flows from financing activities (III)		**(204,193)**	**(107,820)**
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**(117,535)**	**(24,887)**
Cash and cash equivalents at beginning of year		**149,907**	**46,266**
Cash incorpored by the additions to the scope of consolidation	32	-	128,528
Net change in cash and cash equivalents during the year		(117,535)	(24,887)
Total cash and cash equivalents at end of year		**32,372**	**149,907**

The accompanying Notes 1 to 33 are an integral part of the consolidated cash flow statement for 2014.
(*) It relates to the consolidated statement of cash flows of Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries (see Note 1).

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

Notes to the Consolidated Financial Statements

for the year ended 30 September 2014

Prepared in accordance with IFRSs as adopted by the EU

1. General information on the Group

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 Único Altadis S.A.U., a company belonging to the Imperial Tobacco Group PLC. On 4 June 2014, the 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 the Logista Group, from then onwards, the Company became the Parent of the aforementioned Group (see Note 2.4).

The reporting period of most of the Group companies starts on 1 October of each year and ends on 30 September of the following year. The twelve-month period ended 30 September 2013 will hereinafter be referred to as "2013", the period ended 30 September 2014 as "2014", and so on.

The Company has registered office at Polígono Industrial Polvoranca, calle Trigo, no. 39, Leganés (Madrid), being the Parent of the Group, the operating company of which is Compañía de Distribución Integral Logista, S.A.U.

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 tobacco 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 comes 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 Logista Holdings S.A., the Logista Group ("the Group"). In addition to its own individual financial statements, Logista Holdings, S.A. also prepares consolidated financial statements for the Group, including its interests in joint ventures and investments in associates.

A detail of the investees included in the scope of consolidation comprising the Logista Group at 30 September 2014 and 2013 is provided in Appendices I and II, which includes, inter alia, the percentage and cost of the ownership interest held by the Parent and the line of business, company name and registered office of each investee.

In turn, Altadis, S.A.U., the majority shareholder of the Parent, belongs to the Imperial Tobacco Group PLC, which is governed by the corporate legislation in force in the United Kingdom, and whose registered office is at 121 Winterstoke Road, Bristol, BS3 2LL (United Kingdom). The consolidated financial statements of the Imperial Tobacco Limited Group PLC for 2013 were formally prepared by its directors at the Board of Directors meeting held on 5 November 2013.

2. Basis of presentation of the financial statements and basis of consolidation

2.1 Authorisation for issue of the consolidated financial statements

These consolidated financial statements were formally prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Group, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) International Financial Reporting Standards (IFRS), as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and Law 62/2003, of 30 December, on Tax, Administrative, Labour and Social Security Measures.

c) All other applicable Spanish accounting legislation.

The accompanying consolidated financial statements, which were obtained from the accounting records of the Company and of its subsidiaries, are presented in accordance with the regulatory financial reporting framework applicable to the Group and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Group's equity, financial position, results of operations and cash flows for 2014. These consolidated financial statements were formally prepared by the Board of Directors at its meeting on 19 November 2014. The directors of Compañía de Distribución Integral Logista Holdings, S.A. will submit these consolidated financial statements for approval by the Shareholders, and it is considered that they will be approved without any changes.

The consolidated financial statements for 2013 were approved by the sole shareholder of Compañía de Distribución Integral Logista, S.A.U., the Group's Parent at the time, on 25 February 2014, and were filed at the Mercantile Registry of Madrid.

The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2014 are summarised in Note 4.

2.2 Standards and interpretations effective in the current period

In the year ended 30 September 2014 the following standards, amendments to standards and interpretations came into force, which, if applicable, were applied by the Group in the preparation of the consolidated financial statements:

Standards and changes to standards:		Mandatory application for periods beginning from
Modification of IAS 12 – Income Taxes – Deferred taxes relating to investment property (published in December 2010)	Provides guidance on the calculation of deferred taxes arising on investment property measured using the fair value model in IAS 40	1 January 2013
IFRS 13 - Fair Value Measurement (published in May 2011)	Establishes the framework for fair value measurements	1 January 2013
Amendment to IAS 1 – Presenting Comprehensive Income (published in May 2011)	Minor amendment to the presentation of other comprehensive income	1 January 2012
Amendment of IAS 19 – Employee Benefits (published in June 2011)	The amendments mainly affect defined benefit plans, as one of the fundamental changes is the elimination of the "corridor approach"	1 January 2013
Amendment of IFRS 7 – Financial instruments: Disclosures – Offsetting financial assets and liabilities (published in December 2011)	Introduces new disclosures on the offsetting of financial assets and financial liabilities under IAS 32	1 January 2013
Improvements to IFRSs 2009-2011 Cycle (published in May 2012)	Minor amendments to certain standards	1 January 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (published in October 2011)	The IFRS Interpretations Committee deals with the accounting treatment of the waste removal costs incurred in surface mining activity	1 January 2013

Based on an assessment made by the Parent's directors of the main effects of the application of the aforementioned standards on the accompanying consolidated financial statements, it was concluded that they are not material.

2.3 Standards and interpretations issued but not yet in force

At the date of preparation of these consolidated financial statements, the following standards and interpretations had been published by the IASB but had not become effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they had yet to be endorsed by the European Union:

Standards and modifications thereof:		Mandatory application for periods beginning from
IFRS 10 – Consolidated Financial Statements (published in May 2011)	Replaces the current consolidation requirements of IAS 27	1 January 2014
IFRS 11 – Joint Arrangements (published in May 2011)	Replaces the current consolidation requirements of IAS 31	1 January 2014
IFRS 12 – Disclosure of interests in other entities (published in May 2011)	Single standard that sets out disclosures related to interests in subsidiaries, associates, joint ventures and non-consolidated entities	1 January 2014
IAS 27 – Separate Financial Statements (Revised) (published in May 2011)	The standard is revised because, following the issuance of IFRS 10, it will now only include the separate financial statements of an entity	1 January 2014
IAS 28 (Revised) – Investments in Associates and Joint Ventures (published in May 2011)	Simultaneous revision related to the issuance of IFRS 11 Joint Arrangements	1 January 2014
Transition rules: Amendments to IFRS 10, 11 and 12 (published in June 2012)	Clarification of the transition rules of these standards	1 January 2014
Investment entities: Amendments to IFRS 10, IFRS 12 and IAS 27 (published in October 2012)	Exception in consolidation for parent companies whose businesses qualify as investment entities	1 January 2014
Amendment to IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (published in December 2011)	Further clarifications of the rules for offsetting financial assets and financial liabilities of IAS 32.	1 January 2014
Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (published in May 2013)	Clarifies when certain disclosures are required and broadens those required when recoverable amount is based on fair value less costs of disposal	1 January 2014
Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (published in June 2013)	The amendments determine in which cases and under what criteria the novation of a derivative does not make the interruption of hedge accounting necessary	1 January 2014
IFRIC 21 Levies (published in May 2013)	Interpretation on when to recognise a liability for levies charged for participation by an entity in an activity on a specified date	17 June 2014
IFRS 9 – Financial Instruments: Classification and Measurement (published in November 2009 and October 2010) and subsequent amendments to IFRS 9 and IFRS 7 on effective date and transition disclosures (published in December 2011) and hedge accounting and other amendments (published in November 2013) (a)	Replaces the requirements for classification and measurement of financial assets and financial liabilities, derecognitions and hedge accounting of IAS 39	Not defined
IFRS 15 – Revenue from Contracts with Customers (published in May 2014) (a)	New standard on revenue recognition (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31)	1 January 2017

Standards and modifications thereof:		Mandatory application for periods beginning from
Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions (published in November 2013) (a)	The amendment allows these contributions to be recognised as a reduction in the service cost in the period in which payment for the related service is made if certain requirements are met	1 July 2014
Improvements to the IFRS 2010-2012 Cycle and 2011-2013 Cycle (published in December 2013) (a)	Minor amendments to certain standards	1 July 2014
Amendments to IAS 16 and IAS 38 - Acceptable Methods of Depreciation and Amortisation (published in May 2014) (a)	Clarifies acceptable methods of depreciation of property, plant and equipment and amortisation of intangible assets	1 January 2016
Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (published in May 2014) (a)	Specifies how to recognise acquisitions of interests in jointly controlled operations whose activity constitutes a business	1 January 2016

(a) Standards not yet adopted by the European Union at the date of preparation of these consolidated financial statements.

The assessment made by the Parent's directors of the main effects that the application of the aforementioned standards might have on the accompanying consolidated financial statements is as follows:

- ***IFRS 10 – Consolidated Financial Statements***

The main new feature introduced by IFRS 10 is the change to the definition of control which solves the current coexistence of the dual control model in IAS 27 with the risks and rewards model in SIC 12. The new definition of control sets out the following three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns. The new definition also covers the situation commonly known as "de facto control" in which the entity may retain control even without holding majority voting rights, a case not explicitly dealt with by the standards currently in force.

The Group has assessed the impact of the application of this standard and, since the relations with the investees are based mainly on voting rights without any special circumstances to be taken into account, it considers that the present conclusions will be maintained and the transition to this standard will take place without difficulty.

- ***IFRS 11 – Joint Arrangements***

The main change envisaged by IFRS 11 with respect to its predecessor is the accounting treatment of jointly controlled entities. This type of arrangement must always be reported using the equity method (in contrast to the current option granted by IAS 31 of choosing between equity accounting or proportionate consolidation). In this regard, IAS 31 also allowed for this accounting option if the arrangement was structured through a separate legal entity, something no longer relevant under the analytical approach of IFRS 11, which is based on the existence of a separate vehicle, whether or not legally independent.

The Group is assessing the impact of the application of this standard and concludes that its entry into force will not have a material effect on the consolidated financial statements.

- ***IFRS 12 – Disclosure of Interests in Other Entities***

IFRS 12 is a disclosure standard that groups together all the disclosure requirements for interests in other entities (whether these be subsidiaries, associates, joint arrangements or other interests) and includes new disclosure requirements.

Accordingly, its entry into force will foreseeably give rise to an increase in the disclosures that the Group has been making, i.e., those currently required for interests in other entities and other investment vehicles.

2.4 Information relating to 2013

As required by IAS 1, the information relating to 2013 contained in these notes to the consolidated financial statements is presented with the information relating to 2014 for comparison purposes and, accordingly, it does not constitute the Group's consolidated financial statements for 2013.

As indicated in Note 1, as part of the offering for shares which took place on 14 July 2014, Altadis, S.A.U., as the sole shareholder of the then Parent of the Logista Group (Compañía de Distribución Integral Logista, S.A.U.) decided to create a holding company known as Compañía de Distribución Integral Logista Holdings, S.A. (formed on 13 May 2014) to which it made a non-monetary contribution of the shares of the former to subscribe in full a capital increase carried out by the latter. As a result, on 4 June 2014 Compañía de Distribución Integral Logista Holdings, S.A. became the Parent of the Logista Group.

The Parent's directors, following an assessment of the effects of this reorganisation, concluded that it had no effect whatsoever on the organisation or the nature of the Group's activities or management or the control of its governing bodies. Accordingly, in conformity with the regulatory financial reporting framework applicable to the Group, in preparing these consolidated financial statements for 2014 the Parent's directors considered that in spite of the corporate reorganisation described above there is continuity of the reporting entity constituted by the Logista Group, for which reason the information relating to the year ended 30 September 2014 comprises the transactions carried out in the year then ended (even though the Parent was incorporated after the commencement of that year), and comparative information for the year ended 30 September 2013 is presented, taken from the consolidated financial statements of Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries, the then Logista Group, for 2013.

2.5 Presentation currency

These consolidated financial statements are presented in euros since this is the currency of the primary economic environment in which the Group operates. Transactions in currencies other than the euro are recognised in accordance with the policies described in Note 4.14.

2.6 Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Parent's directors.

In preparing the consolidated financial statements for 2014, estimates were made by the Group's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets.
- The assumptions used in the actuarial calculations of the pension liabilities and other obligations to employees.
- The useful life of the property, plant and equipment and intangible assets.
- The measurement and impairment of goodwill and of certain intangible assets.

- The market value of certain assets.
- The calculation of the required provisions.
- The measurement and calculation of deferred tax assets and liabilities.

Although these estimates were made on the basis of the best information available at 2014 year end, 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.

2.7 Basis of consolidation

2.7.1 Subsidiaries

Subsidiaries are defined as companies included in the scope of consolidation which the Parent manages directly or indirectly because it holds a majority of the voting rights in their representation and decision-making bodies or over which it has the capacity to exercise control.

The financial statements of the subsidiaries are fully consolidated. Accordingly, all material balances and transactions between consolidated companies are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

The share of minority interests of the equity and profit of the Group is presented under “Minority Interests” in the consolidated balance sheet and under “Profit/Loss for the Year Attributable to Minority Interests” in the consolidated income statement, respectively.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or until the date of disposal, as appropriate.

2.7.2 Joint ventures and joint operations

“Joint ventures” are deemed to be ventures that are managed jointly by the Parent and third parties unrelated to the Group, where neither party can exercise greater control than the other. The financial statements of the joint ventures are proportionately consolidated.

The assets and liabilities assigned to jointly controlled operations (unincorporated temporary joint ventures, UTEs) or those controlled jointly with other venturers are presented by recognising in its balance sheet the share corresponding to it, in proportion to its ownership interest, of the jointly controlled assets and of the jointly incurred liabilities, classified according to their specific nature. Similarly, the Group’s share of the income and expenses of joint ventures is recognised in the consolidated income statement on the basis of the nature of the related items. In addition, the proportional part corresponding to the Group of the related items of the joint venture is included in the statement of changes in equity and the statement of cash flows.

Where necessary, adjustments are made to the financial statements of these companies to adapt the accounting policies used to those applied by the Group.

2.7.3 Associates

Associates are companies over which the Parent is in a position to exercise significant influence. In general, significant influence is presumed to exist when the Group’s percentage of (direct or indirect) ownership exceeds 20% of the voting rights, provided that it does not exceed 50%.

In the consolidated financial statements, investments in associates are accounted for using the equity method, i.e. at the Group’s share of net assets of the investee, after taking into account the dividends received therefrom and other equity eliminations.

In the case of transactions with an associate, the related profits and losses are eliminated to the extent of the Group’s interest in the associate’s capital.

Where necessary, adjustments are made to the financial statements of these companies to adapt the accounting policies used to those applied by the Group.

If as a result of losses incurred by an associate its equity were negative, the investment should be presented in the Group’s consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support, in which case the related provision would be recorded.

2.7.4 Translation of foreign currency

The various items in the balance sheets and income statements of the foreign companies included in consolidation were translated to euros as follows:

- Assets and liabilities were translated to euros at the official year-end exchange rates.
- Share capital and reserves were translated to euros at the historical exchange rate.
- Income statement items were translated to euros at the average exchange rate for the year.

The exchange differences arising from the use of these criteria were included in equity under “Reserves at Consolidated Companies - Translation Differences”. These translation differences will be recognised as income or expenses in the period in which the investment that gave rise to them is realised or disposed of in full or in part.

In 2014 all of the Logista Group companies presented their financial statements in euros, except for Compañía de Distribución Integral Logista Polska, Sp. z.o.o. and Logesta Polska Sp., z.o.o. (both located in Poland) and Logesta Maroc, S.A. (located in Morocco).

2.7.5. Changes in the scope of consolidation and in the ownership interests

The most significant changes in the scope of consolidation in 2014 and 2013 that affect the comparison between years were as follows:

1. Main changes in the scope of consolidation in 2014

Additions or acquisitions

On 10 December 2013, the subsidiary company Logista France, S.A.S. acquired the remaining 15% of the shares of Strator, S.A.S. in a deal worth 1 euro, thereby becoming the full owner of its share capital.

On 9 May 2014, the subsidiary company Compañía de Distribución Integral de Publicaciones Logista, S.L.U. partook in the capital increase of its investee company DIMA Distribución Integral, S.L. for the sum of EUR 400 thousand, whereupon its stake fell to 12.56%.

On 22 September 2014, the General Shareholders Meeting of the subsidiary company Logesta Gestión de Transporte, S.A.U. approved the merger by absorption between the companies Logesta Gestión de Transporte, S.A.U. (surviving company) and Logesta Noroeste, S.A.U. (absorbed company). Thus, Logesta Gestión de Transporte, S.A.U. absorbs Logesta Noroeste, S.A.U., which is dissolved without liquidation of assets, with the former acquiring all its assets by virtue of universal succession and likewise subrogating the rights and obligations of the latter company in accordance with the system set forth in article 49 of Law 3 of 3 April 2009 (Ley 3/2009), on corporate restructurings. The accounting date of this merger was 1 October 2013. This transaction has had no impact on a consolidated level.

2. Main changes in the scope of consolidation in 2013

Additions or acquisitions

On 9 October 2012, the Parent acquired all the shares of Altadis Distribution France, S.A.S. from Seita, S.A.S., a company also belonging to the Imperial Tobacco Limited Group. The transaction price was EUR 920,162 thousand, which were paid through the transfer of the same amount from the Parent's account receivable from Altadis, S.A.U. (see Note 32).

Disposals

On 8 March 2013, the subsidiary Compañía de Distribución Integral de Publicaciones Logista, S.L.U. entered into an agreement to sell all the shares it held in Logista Portugal Distribuçao de Publicaçoes, S.A. to Distrinews, S.A., which does not form part of the Imperial Tobacco Limited Group, for an amount of EUR 1. Also, Compañía de Distribución Integral de Publicaciones Logista, S.L.U. contributed to the buyer an amount of EUR 2,242 thousand, to offset the equity deficit of the company disposed of, and a non- refundable loan of EUR 3,000 thousand. The net loss on the transaction for consolidation purposes amounted to EUR 3,580 thousand, which were recognised under "Net loss on disposal and impairment of non-current assets".

On 9 January 2013, the subsidiary Société Allumettière Française, S.A.S., a subsidiary of Logista France, S.A.S., entered into an agreement to sell all its shares in RP Diffusion, S.A.S. for EUR 239 thousand. The net loss incurred by RP Diffusion, S.A.S. in 2013 until its sale amounts to EUR 422 thousand, which have been recognized under "Loss for the Year from Discontinued Operations Net of Tax".

2.8 Materiality

In preparing these consolidated financial statements the Group omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of materiality defined in the IFRS Conceptual Framework.

3. Allocation of loss of the Parent

The Parent's Board of Directors has proposed that the Parent's loss of EUR 424 thousand for 2014 be allocated to "Prior Years' Losses" for offset in future years.

4. Accounting principles and policies and measurement bases

The principal measurement bases and accounting principles and policies applied in preparing the consolidated financial statements for 2014 in accordance with the IFRSs in force at the date of the related financial statements are described below. None of the standards were applied early.

4.1 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less any accumulated depreciation.

The upkeep and maintenance costs of the various items of property, plant and equipment are recognised in the income statement as incurred. The amounts invested in improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of direct and general manufacturing costs.

The consolidated companies depreciate their property, plant and equipment using the straight-line method, applying annual depreciation rates determined on the basis of the years of estimated useful life of the related assets. The depreciation rates applied are as follows:

	Annual Depreciation Rates (%)
Buildings	2-4
Plant and machinery	10-12
Other fixtures, tools and furniture	8-16
Other items of property, plant and equipment	12-16

Land is considered to have an indefinite useful life and, therefore, is not depreciated.

4.2 Investment property

Investment property relates to investments in land and buildings held to earn rentals. Investment property is stated at the lower of cost, less any accumulated depreciation, and market value. Depreciation is recognised using the same methods as those used for items of the same category classified under "Property, Plant and Equipment" (see Note 4.1).

The Group determines periodically the market value of its investment property by reference to the prices of comparable transactions, in-house studies, external appraisals, etc.

4.3 Goodwill

In the company acquisitions performed, the excess of the cost of the business combination over the interest acquired in the acquisition-date net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Goodwill is only recognised when it has been acquired for consideration.

Goodwill arising from the acquisition of an associate is recognised as an increase in the value of the investment.

Goodwill is not amortised. Accordingly, at the date of each consolidated balance sheet the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell. These valuation adjustments are recognised as an expense in the income statement. If there is any impairment, the goodwill is written down and the impairment loss is recognised. An impairment loss recognised for goodwill must not be reversed in a subsequent period.

To perform the aforementioned impairment test, the goodwill is allocated in full to one or more cash-generating units.

The recoverable amount of each cash-generating unit is the higher of value in use and the net selling price of the assets associated with the cash-generating unit. Value in use is calculated on the basis of the estimated future cash flows, discounted using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the business.

The Group has defined as cash-generating units, based on the actual management of the Group's operations, each of the relevant business operations carried out in the main geographical areas (see Note 26).

The Group uses the budgets and business plans, which generally cover a three-year period, of the various cash-generating units to which the assets are assigned. The key assumptions on which the budgets and business plans are built are based on each type of business and the experience with and recognition of the performance of each of the markets in which the Group operates (see Note 7).

The estimated cash flows are extrapolated to the period not covered by the business plan using a zero growth rate and an expense structure that is similar to that of the last year of the business plan.

The discount rate applied is usually a pre-tax measurement based on the risk-free rate for 10-year bonds issued by the governments in the relevant markets, adjusted by a risk premium to reflect the increase in the risk of the investment based on the country in question and the systematic risk of the Group. The discount rates applied by the Group in the various markets to calculate the present value of the estimated cash flows ranged from 7.50% to 9.90% in 2014 (see Note 7).

4.4 Intangible assets

Intangible assets with finite useful lives are amortised using the straight-line method, applying annual amortisation rates determined on the basis of the years of the estimated useful lives of the related assets.

Intangible assets comprises:

Trademarks

"Trademarks" includes the acquisition cost of the rights over certain trademarks and/or the value assigned thereto on consolidation (see Note 8).

The Group considers "Trademarks" as assets with indefinite useful lives.

Concessions, rights and licences

"Concessions, Rights and Licences" includes mainly the amounts paid to acquire certain concessions and licences. The assets included in this account are amortised on a straight-line basis over the term thereof.

Also, as a result of allocating the purchase price of Altadis Distribution France, S.A.S. to the identifiable assets and liabilities of that company, the Group recognised in its consolidated balance sheet the agreements entered into by that subsidiary with the main tobacco producers for the distribution of their products in France (see Note 32). The aforementioned distribution agreements are depreciated on a straight-line basis over 15 years.

Computer software

Computer software is recognised at acquisition cost, including the implementation costs billed by third parties, and is amortised on a straight-line basis over a period of three to five years. Computer software maintenance costs are expensed currently.

Research and development expenditure

Research and development expenditure is only capitalised when it is specifically itemised by project, the related costs can be clearly identified and there are sound reasons to foresee the technical success and economic and commercial profitability of the related project. Assets thus generated are depreciated on a straight-line basis over their years of useful life (over a maximum period of five years).

4.5 Impairment losses on property, plant and equipment and intangible assets

The Group assesses each year the possible existence of permanent losses in value requiring it to reduce the carrying amounts of its property, plant and equipment and intangible assets, if their recoverable amounts are below their carrying amounts.

The recoverable amount is determined using the same methods as those employed in testing for goodwill impairment.(see Note 4.3).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the related write-down is recognised through profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the new recoverable amount, which may not exceed the carrying amount that would have been determined had no impairment loss been recognised.

4.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group, which usually has the option to purchase the assets at the end of the lease under the terms and conditions agreed on execution thereof. All other leases are classified as operating leases.

4.6.1 Finance leases

In cases where the Company acts as lessor, the Group recognises an asset and the corresponding liability in the balance sheet, at the inception of the finance lease, at the present value of the future minimum lease payments designated as rent in the agreement. To calculate the present value of the lease payments the interest rate stipulated in the finance lease is used.

The cost of assets acquired under finance leases is presented in the consolidated balance sheet and is depreciated on the basis of the nature of the leased assets under the same methods as those applied to similar items.

Finance charges are recognised over the lease term on a time proportion basis.

4.6.2 Operating leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

When the Group acts as the lessor, it recognises the operating lease income on a straight-line basis. The amount to be recognised on a straight-line basis is deemed to be the total minimum rental income forecast over the term of the contract, in accordance with the agreed terms and conditions. These assets are depreciated using a policy consistent with the lessor's normal depreciation policy for similar items for own use.

When the Group acts as the lessee, lease costs are recognised in the income statement on a straight-line basis, in accordance with the policies described above.

4.7 Non-current assets held for sale

Non-current assets are classified as held for sale if it is considered that their carrying amount will be recovered through a sale transaction. Assets are classified under this heading only when the sale is highly probable and the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The depreciation of non-current assets held for sale is discontinued when they are classified as such. At the date of each consolidated balance sheet the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell.

4.8 Financial instruments

4.8.1 Financial assets

Financial assets are recognised in the consolidated balance sheet on the date of acquisition at fair value and are classified as:

Trade and other receivables

Trade and other receivables are measured at amortised cost less any recognised impairment losses, which are estimated based on the solvency of the debtor and the age of the receivables.

Other current and non-current financial assets

"Other Current and Non-Current Financial Assets" include the following investments:

1. Current and non-current loans granted

2. Guarantees

3. Deposits and other financial assets

The loans granted are measured at their amortised cost, which is understood to be the initial value thereof increased by accrued interest and repayment premiums based on the effective interest rate and decreased by the principal and interest repayments, while also considering possible reductions due to impairment or uncollectibility.

The changes in the amortised cost of the assets included under "Other Current and Non-Current Financial Assets" arising from accrued interest or premiums or from the recognition of impairment are recognised in the income statement.

Guarantees are measured at the amount paid which does not differ substantially from the fair value thereof.

Cash and cash equivalents

Cash consists of cash and demand deposits at banks. Cash equivalents are short-term investments with a maturity of three months that are not subject to a significant risk of changes in value.

The Group derecognises a financial asset when it matures and collection is made or when the rights to the future cash flows have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

4.8.2 Financial liabilities

Bank borrowings

Bank loans are recognised at the amount received, net of arrangement costs and commissions. These loan arrangement costs and finance charges are recognised in the income statement using the accrual method and on a time proportion basis and are added to the carrying amount of the liability, to the extent that they are not settled, in the period in which they arise.

Trade payables

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost.

The Group derecognises financial liabilities when the obligations giving rise to them cease to exist.

4.9 Inventories

In general, the Group companies measure inventories at the lower of the price of the most recent invoice, which does not differ significantly from applying the FIFO formula (first-in, first-out), including in the case of tobacco products, in accordance with the legislation applicable in each country, the excise duties chargeable as soon as they are accrued, and net realisable value.

The Group recognises period provisions for the decline in value of inventories in order to adjust the value of those whose cost exceeds net realisable value. These valuation adjustments are recognised as an expense in the consolidated income statement.

4.10 Current/Non-current classification

In the consolidated balance sheet assets and liabilities due to be realised or settled or maturing within 12 months are classified as current items and those due to be realised or settled or maturing within more than 12 months as non-current items.

4.11 Termination benefits

Under current labour legislation and certain employment contracts, the Group companies are required to pay termination benefits to employees terminated under certain conditions.

The accompanying consolidated balance sheet at 30 September 2014 includes the provisions that the Parent's directors consider necessary to cover the restructuring plans in progress at year-end (see Note 19).

4.12 Pension and other obligations to employees

Certain Group companies are obliged to supplement the social security retirement, disability or death benefits to employees who have fulfilled certain conditions.

- In general, the obligations relating to the current and former employees of these groups are defined contribution obligations and are externalised. The annual contributions made by the Group to meet these obligations are recognised under "Staff Costs" in the consolidated income statements and amounted to EUR 1,712 thousand and EUR 3,075 thousand in 2014 and 2013 (see Note 25.b).

- Under the collective agreements currently in force, Compañía de Distribución Integral Logista ,S.A.U. is obliged to make a lump-sum payment of a specific amount to each employee on completion of 24 years of service, subject to compliance with certain conditions. Also, this Company is obliged to make fixed monthly payments to a certain group of current employees and employees who retired prior to 1 January 2009 as compensation for the "free tobacco" benefit.

  Logista France, S.A.S. has retirement obligations to its employees for which it has made provisions calculated on the basis of actuarial studies performed by independent actuaries.

  To cover these obligations, provisions were recognised, the amount of which is calculated each year based on the corresponding actuarial studies performed by independent experts using the projected unit credit method and PERM/F 2000P mortality tables, an inflation rate of 1.5% and an annual discount rate of 2.70% as the main assumptions (see Note 19).

- On 25 June 2008, the Group approved the "2008 Medium-Term Incentive Plan" and the "2008 Special Medium-Term Incentive Plan", consisting of the recognition for certain employees of the right to receive an amount estimated for each employee at the start of each plan tranche on completion of the end of the third year from the start of each of the three plan tranches, taking into consideration the growth of certain financial parameters in each three-year period.

  In 2013 and 2012 the first two phases of these incentives plan were completed after the Group made payments of EUR 1,625 thousand and EUR 2,132 thousand, respectively, to its employees.

  On 31 January 2012, the Group approved the "2011 Medium-Term Incentive Plan" and "2011 Medium term Especial Incentives Plan", the conditions of which are similar to those of the previous incentive plans.

  The Group distributes the total amount of the estimated incentive for each block on a straight-line basis over three years and charges it to income. "Staff Costs" in the accompanying consolidated income statement for 2014 includes EUR 2,851 thousand in this connection (2013: EUR 2,188 thousand).

  On 4 June 2014, the Parent's Board of Directors approved the structure of the "2014 Long-Term Incentive Plan" and "2014 Long-Term Especial Incentives Plan", with remuneration accrued from 1 October 2014 and payable at the end of each block into which the plan is divided.

  The characteristics of these plans are similar to previous plans, except that they are settled in shares of the Parent and are quantified on the basis of the level of total return to the shareholders and profitability compared with other companies, and of certain internal operational or financial criteria, related to the extent to which certain personal and corporate objectives are met. The list of plan beneficiaries had not yet been defined at the date of formal preparation of these financial statements.

4.13 Provisions

The Group recognises provisions for the estimated amounts required to cover the liability arising from litigation in progress, indemnity payments or obligations and collateral and other guarantees provided which are highly likely to involve a payment obligation (legal or constructive), provided that the amount can be estimated reliably.

Provisions are quantified on the basis of the best information available on the situation and evolution of the events giving rise to them and are fully or partially reversed when such obligations cease to exist or are reduced, respectively.

Also, the adjustments arising from discounting these provisions are recognised as a finance cost on an accrual basis.

4.14 Foreign currency transactions

The consolidated financial statements of Logista Group are presented in euros.

Transactions in currencies other than the euro are recognised at their equivalent euro value by applying the exchange rates prevailing at the transaction date. Any gains or losses resulting from the exchange differences arising on the settlement of balances deriving from transactions in currencies other than the euro are recognised in the consolidated income statement as they arise.

Balances receivable and payable in currencies other than the euro at year-end are measured in euros at the exchange rates prevailing on that date. Any gains or losses arising on such measurement are recognised in the consolidated income statement for the year.

4.15 Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Specifically, revenue represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT, excise duty on tobacco products and other sales taxes.

As a result of the regulations of the main countries in which the Group operates, the Group makes payments to the relevant tax authorities in respect of excise duties on the tobacco products it sells, which are also charged to customers. The Group does not recognise as income or expenses the amounts relating to the aforementioned excise duties, which amounted to approximately EUR 29,146,347 thousand in 2014 and EUR 28,651,658 thousand in 2013.

In the particular case of books and published materials, the customers are entitled to return the products they fail to sell and in turn, the Group may exercise this right with respect to its suppliers. At each reporting date, a provision is recognised based on the historical experience of the sales returns for the purpose of adjusting the margins obtained during the course of business (see Note 19).

In purchase and sale transactions on which the Group receives commission, regardless of the legal form of such transactions, only commission income is recognised. Distribution and sales commissions are recognised in revenue. The Group recognises income and expenses on transactions involving products held on a commission basis (mainly stamps, certain tobacco and publishing business products) at the date of the sale.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment is established. In any case, interest and dividends from financial assets accrued after the date of acquisition are recognised as income in the income statement.

4.16 Income tax

The current income tax expense is calculated on the basis of the accounting profit before tax, increased or reduced, as appropriate, by the permanent differences from taxable profit, net of tax relief and tax credits. The rates used to calculate the income tax expense are those in force at the balance sheet date.

Deferred tax assets and liabilities are recognised using the balance sheet method, recognising the differences between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax assets and liabilities are calculated at the tax rates expected at the date on which the asset is realised or the liability is settled. Deferred tax assets and liabilities are recognised in full with a charge to the consolidated income statement, except when they relate to line items taken directly to equity accounts, in which case the deferred tax assets and liabilities are also recognised with a charge or credit to the related equity accounts.

Deferred tax assets and tax loss carryforwards are recognised when it is considered probable that the Group will be able to utilise them in the future, regardless of when they are recovered. Deferred tax assets and liabilities are not adjusted and are classified as non-current assets or liabilities in the consolidated balance sheet.

The Group recognises the deferred tax arising from the deductibility of the amortisation, for tax purposes, of certain items of goodwill generated on the acquisition of companies (see Note 20).

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

"Income Tax" represents the sum of the current tax expense and the result of recognising deferred tax assets and liabilities (see Note 20).

The Parent files consolidated income tax returns in Spain as part of the consolidated tax group the ultimate parent of which is Imperial Tobacco España, S.L.U.

4.17 Consolidated statements of cash flows

The following terms are used in the consolidated statements of cash flows, prepared in accordance with the indirect method, with the meanings specified:

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

2. Operating activities: the principal revenue-producing activities of the consolidated Group companies and other activities that are not investing or financing activities.

3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

4. Financing activities: activities that result in changes in equity and borrowings.

4.18 Discontinued operations

A discontinued operation is a Group component representing a line of business or significant area which has or will be disposed of by any means other than through ordinary operations. The net assets arising from discontinued operations which have not yet been realised are recognised under "Non-Current Assets Held for Sale".

For this type of operations, the Group includes the profit after tax from discontinued operations and the profit after tax recognised on the disposal of the items composing the discontinued operations under a single item, "Profit for the Year from Discontinued Operations Net of Tax" in the consolidated income statement. Similarly, "Discontinued Operations" includes, where applicable, the losses recognised as a result of reducing the carrying amount of the items relating to discontinued operations not yet realised at their fair value less estimated costs to sell.

Also, when operations are classified as discontinued, the Group presents under "Profit for the Year from Discontinued Operations Net of Tax" the amount for the preceding year relating to the operations classified as discontinued at the reporting date, also adapting the rest of headings in the consolidated income statement for the previous year.

5. 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 year, excluding the average number of treasury shares.

Earnings per share are calculated as follows:

	2014	2013 (*)
Net profit for the year (thousands of euros)	102,347	87,605
Weighted average number of shares issued (thousands of shares)	73,103	73,103
Earnings per share (euros)	**1.40**	**1.20**

(*) As indicated in Notes 1 and 2.4, Compañía de Distribución Integral Logista Holdings, S.A.U. has been the Group's Parent since 4 June 2014. Therefore, in conformity with the regulatory financial reporting framework applicable to the Group, earnings per share for 2013 are restated in these consolidated financial statements, taking into account the weighted average number of shares outstanding in 2014.

At 30 September 2014 and 2013, there were no dilutive effects on basic earnings per share.

6. Property, plant and equipment

6.1 Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheets in 2014 and 2013 were as follows:

2014

Thousands of Euros

	Balance at 30-09-13	Additions or charge for the year	Disposals or reductions	Transfers (Note 8)	Balance at 30-09-14
Cost:					
Land and buildings	234,965	28	(469)	1,079	235,603
Plant and machinery	158,776	2,156	(3,952)	13,835	170,815
Other fixtures, tools and furniture	132,602	2,286	(1,882)	1,510	134,516
Other items of property, plant and equipment	39,787	297	(637)	847	40,294
Property, plant and equipment in the course of construction	24,025	14,258	-	(25,684)	12,599
	590,155	**19,025**	**(6,940)**	**(8,413)**	**593,827**
Accumulated depreciation:					
Buildings	(101,444)	(5,637)	465	(381)	(106,997)
Plant and machinery	(118,577)	(11,217)	3,878	(2)	(125,918)
Other fixtures, tools and furniture	(97,675)	(9,393)	1,606	959	(104,503)
Other items of property, plant and equipment	(24,439)	(1,280)	631	926	(24,162)
	(342,135)	**(27,527)**	**6,580**	**1,502**	**(361,580)**
Impairment losses	(5,288)	(13,522)	-	-	(18,810)
Total	**242,732**	**(22,024)**	**(360)**	**(6,911)**	**213,437**

2013

Thousands of Euros

	Balance at 30-09-12	Additions to the scope of consolidation (Note 32)	Business Combination (Note 32)	Additions or Charge for the Year	Disposals or Reductions	Transfers (Note 8)	Balance at 30-09-13
Cost:							
Land and buildings	167,580	66,999	21,365	141	(1,196)	(19,924)	234,965
Plant and machinery	114,768	36,435	-	561	(3,059)	10,071	158,776
Other fixtures, tools and furniture	112,206	15,619	-	6,434	(6,167)	4,510	132,602
Other items of property, plant and equipment	42,559	304	-	214	(3,367)	77	39,787
Property, plant and equipment in the course of construction	21,049	945	-	18,619	(15)	(16,573)	24,025
	458,162	**120,302**	**21,365**	**25,969**	**(13,804)**	**(21,839)**	**590,155**
Accumulated depreciation:							
Buildings	(61,098)	(47,833)	-	(5,869)	1,187	12,169	(101,444)
Plant and machinery	(79,140)	(32,153)	-	(9,928)	2,644	-	(118,577)
Other fixtures, tools and furniture	(80,622)	(13,135)	-	(9,953)	6,035	-	(97,675)
Other items of property, plant and equipment	(23,603)	(284)	-	(3,347)	2,795	-	(24,439)
	(244,463)	**(93,405)**	**-**	**(29,097)**	**12,661**	**12,169**	**(342,135)**
Impairment losses	(3,088)	-	-	(2,200)	-	-	(5,288)
Total	**210,611**	**26,897**	**21,365**	**(5,328)**	**(1,143)**	**(9,670)**	**242,732**

Additions

In 2014, key additions related chiefly to typical Logista Group projects in progress, in line with investments in previous years. The main investment projects currently under way include improvements to warehouse security systems, and to automated order picking systems in Italy and France, implantation of a new management system (ERP) for managing consumer products and IT enhancements to meet the needs of the Group's clients.

In 2013, key additions related largely to acquisitions of automated order picking equipment, improvements to warehouses in Italy and acquisitions of semi-trailers.

Disposals

Disposals for 2014 and 2013 are mainly concerned disposals of items that were practically amortised/depreciated or which were not being used for the Group's business, along with the sale of various items of property, plant and equipment. These had no significant impact on the income statement.

Transfers

The transfers in 2014 and 2013 relate to reclassifications between property, plant and equipment accounts and also to "Other Intangible Assets - Computer Software" as a result of the start-up of various items. Also, EUR 358 thousand were reclassified to "Investment Property" in 2014 (2013: EUR 2,696 thousand).

Impairment

In 2014 the Group recognised impairment losses amounting to EUR 8,100 thousand on the portion attributable to it of the carrying amount of the property, plant and equipment owned by Compañía de Distribución Integral Logista, S.A.U. y GTECH Global Lottery, S.L.U., Unión Temporal de Empresas. This amount was charged to "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying consolidated income statement.

Also, in 2014 the Group recognised impairment losses amounting to EUR 5,000 thousand on certain items of property, plant and equipment operated by distribution subsidiaries in the publishing industry. This amount was charged to "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying consolidated income statement.

In 2013 the Compañía de Distribución Integral Logista, S.A.U. recognized an impairment loss of EUR 2,200 thousand on the portion attributable to it of the carrying amount of certain POS terminals owned by the unincorporated temporary joint venture (UTE) in which it has a 50% interest which were not in operation at the end of the reporting period. This impairment was charged to the caption "Net loss on disposal and impairment of non-current assets" in the accompanying consolidated income statement for 2013.

6.2 Other disclosures

Fully depreciated items of property, plant and equipment in use at 30 September 2014 amounted to EUR 195,628 thousand (EUR 194,599 thousand at 30 September 2013).

At the end of 2013 the Group had yet to formalise the acquisition of a land lot in Alcalá de Guadaira (Seville), for which it paid an advance of EUR 4,671 thousand in 2005, which is recognised under "Property, Plant and Equipment in the Course of Construction". This formalisation is dependent upon the municipal authority executing the corresponding land development projects. Compañía de Distribución Integral Logista, S.A.U. directors have commenced actions aimed at ensuring that the municipal authority meets the obligations assumed.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

At 30 September 2014 and 2013, the items of property, plant and equipment located abroad, mainly in Portugal, France, Italy and Poland, amounted to EUR 80,972 thousand and EUR 88,945 thousand, net of the related accumulated depreciation, respectively.

7. Goodwill

Breakdown and significant changes

The breakdown, by identified cash-generating unit, of "Goodwill" at 30 September 2014 and 2013 is as follows:

	Thousands of Euros	
	30-09-14	30-09-13
Italy, tobacco and related products	662,922	662,922
France, tobacco and related products	236,945	236,945
Iberia, transport	18,354	18,354
Iberia, other business: Pharma	486	486
Iberia, tobacco and related products	483	483
Total	**919,190**	**919,190**

IItaly, tobacco and related products

The goodwill associated with Logista Italia S.p.A. arose when Etinera, S.p.A., a leading tobacco distributor in Italy, was acquired in 2004 from BAT Italia, S.p.A., an Italian subsidiary of British American Tobacco, Lda. Subsequently, Etinera, S.p.A.'s company name was changed to Logista Italia, S.p.A. The information relating to the aforementioned acquisition is included in the Group's consolidated financial statements for 2004.

France, tobacco and related products

As indicated in Note 32, the goodwill associated with Logista France S.A.S. arose when Compañía de Distribución Integral Logista, S.A.U. acquired all the shares representing the share capital of Altadis Distribution France, S.A.S. from Seita, S.A.S., an Imperial Tobacco Limited Group PLC company.

Iberia, transport

The goodwill associated with Dronas 2002, S.L.U. arose when this company merged in 2002 with the Burgal Group, an integrated and express parcel and pharmaceutical logistics service provider, and in 2003 with the Alameda Group, a distributor of pharmaceutical supplies and food products. The information relating to the aforementioned mergers is included in the Group's consolidated financial statements for 2002 and 2003.

Goodwill impairment analysis

The assumptions used in testing for impairment were as follows:

Discount and growth rates

	2014		2013	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Italy, tobacco and related products	9.10%	0.00%	10.30%	0.00%
France, tobacco and related products	7.50%	0.00%	7.60%	0.00%
Iberia, transport	9.10%	0.00%	10.90%	0.00%
Iberia, other business: Pharma	8.50%	0.00%	10.20%	0.00%
Iberia, tobacco and related products	9.90%	0.00%	12.10%	0.00%

The parameters considered in defining the foregoing discount rates were as follows:

- Risk-free bonds: 10-year bonds in the benchmark market of the CGU.
- Market risk premium: year-on-year average risk premium in each country in which the Group is present.
- Unleveraged Beta: industry average, on a case-by-case basis.
- Debt/equity ratio: industry average.

Other salient matters

a) Italy, tobacco and related products:

- Volume of cigarettes, rolling tobacco and cigars.
- Changes in tobacco retail prices.
- Changes in excise taxes on tobacco and VAT.
- Investments.

b) France, tobacco and related products:

- Volume of cigarettes, rolling tobacco and cigars.
- Changes in tobacco retail prices.
- Changes in excise taxes on tobacco and VAT.
- Investments.

c) Iberia, transport:

- Fuel costs.

d) Iberia, other business: Pharma

- Regulation of the pharmaceutical industry.

e) Iberia, tobacco and related products:

- Volume of cigarettes, rolling tobacco and cigars.
- Changes in tobacco retail prices.
- Changes in excise taxes on tobacco and VAT.
- Investments.

Based on the methods used and the estimates, projections and valuations available to the Parent's directors, no impairment losses were recognised in relation to these assets in 2014.

In 2013 evidence of impairment was detected in the "Iberia, transport" CGU, specifically in the goodwill associated with Dronas 2002, S.L.U. Accordingly, the Group recognised impairment losses of EUR 8,362 thousand, based on the value in use of the asset, under "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying consolidated income statement.

With regard to the sensitivity analysis of the impairment tests on goodwill, the Group performed an analysis of sensitivity of the impairment test result to changes in the following assumptions:

- Increase of 100 basis points in the discount rate.

- 1% decrease in the growth rate.

These sensitivity analyses performed separately for each of the aforementioned assumptions did not disclose any impairment losses.

8. Other intangible assets

The changes in "Other Intangible Assets" in 2014 and 2013 were as follows:

2014

Thousands of Euros

	Balance at 30-09-13	Additions or charge for the year	Disposals or reductions	Transfer (Note 6)	Balance at 30-09-14
Cost:					
With indefinite useful life-					
Trademarks	108	-	-	(2)	106
With finite useful life-					
I+D expenses	2,223	-	-	-	2,223
Computer software	142,995	2,140	(855)	10,909	155,189
Concessions, rights and licences	779,169		(167)	363	779,365
Advances and intangible assets in progress	9,926	13,804	(84)	(4,793)	18,853
	934,421	**15,944**	**(1,106)**	**6,477**	**955,736**
Accumulated amortisation-					
I+D expenses	(1,510)	(584)	-	29	(2,065)
Computer software	(122,267)	(9,864)	297	47	(131,787)
Concessions, rights and licences	(53,722)	(51,912)	160	-	(105,474)
	(177,499)	**(62,360)**	**457**	**76**	**(239,326)**
Impairment losses	(644)	(2,067)	88	-	(2,623)
Total	**756,278**	**(48,483)**	**(561)**	**6,553**	**713,787**

2013

							Thousands of Euros
	Balance at 30-09-12	Additions to the scope of consolidation (Note 32)	Business combination (Note 32)	Additions or charge for the year	Disposals or reductions	Transfer (Note 6)	Balance at 30-09-13
Cost:							
With indefinite useful life-							
Trademarks	108	-	-	-	-	-	108
With finite useful life-							
I+D expenses	-	2,223	-	-	-	-	2,223
Computer software	117,884	18,211	-	1,644	(1,127)	6,383	142,995
Concessions, rights and licences	928	1,225	776,400	-	(9)	625	779,169
Advances and intangible assets in progress	6,044	100	-	10,666	(45)	(6,839)	9,926
	124,964	**21,759**	**776,400**	**12,310**	**(1,181)**	**169**	**934,421**
Accumulated amortisation:							
I+D expenses	-	(954)	-	(556)	-	-	(1,510)
Computer software	(94,801)	(17,395)	-	(10,299)	228	-	(122,267)
Concessions, rights and licences	(677)	(1,065)	-	(51,983)	3	-	(53,722)
	(95,478)	**(19,414)**	**-**	**(62,838)**	**231**	**-**	**(177,499)**
Impairment losses	(644)	-	-	-	-	-	(644)
Total	**28,842**	**2,345**	**776,400**	**(50,528)**	**(950)**	**169**	**756,278**

Additions

The additions to "Other intangible assets" relate mainly to functional development projects for the Logista Group's existing applications to improve or increase the services provided to its customers and the implementation of new management systems (SAP) in certain business segments.

Transfers

The transfers to "Computer Software" in 2014 and 2013 relate to the reclassification of various items that have been put into operation from the account "Advances and intangible assets in progress" attending to their nature.

Impairment

In 2014 the Group recognised mainly impairment losses of EUR 2,000 thousand on items classified as "Other Intangible Assets", relating to the computer software registered at Compañía de Distribución Integral Logista, S.A.U. y GTECH Global Lottery, S.L.U., Unión Temporal de Empresas (see Note 6). No impairment losses on items classified under this heading were recognised in 2013.

At 30 September 2014 and 2013, fully amortised intangible assets in use amounted to approximately EUR 109,671 and EUR 101,147 thousand, respectively.

9. Investments in associates accounted for using the equity method and interests in proportionately consolidated joint ventures

The detail of the changes in 2014 and 2013 in "Investments in Associates Accounted for Using the Equity Method" were as follows:

2014

					Thousands of Euros
	Balance at 30-09-13	Capital increase	Share of Profit for the Year	Transfers to non-current provision	Balance at 30-09-14
Dima Distribución Integral, S.L.	-	(Note 19)	(1,206)	808	2
Logesta Maroc, S.A.	18	-	-	-	18
Other	18	-	-	-	18
Total	**36**	**400**	**(1,206)**	**808**	**38**

2013

					Thousands of Euros
	Balance at 30-09-12	Share of Profit for the Year	Transfers to non-current provision (Note 19)	Exits of the scope of consolidation	Balance at 30-09-13
International News Portugal, Lda	511	-	-	(511)	-
Dima Distribución Integral, S.L.	-	(498)	498	-	-
Logesta Maroc, S.A.	18	-	-	-	18
Other	12	-	6	-	18
Total	**541**	**(498)**	**504**	**(511)**	**36**

On 9 May 2014, the subsidiary Compañía de Distribución Integral de Publicaciones Logista, S.L.U. subscribed a portion of the EUR 400 thousand capital increase at its investee DIMA Distribución Integral, S.L., as a result of which its ownership interest was reduced to 12.56%. In addition, the Group recognised a participating loan of EUR 600 thousand to the latter. Both the capital increase and the participating loan were paid with a charge to the accounts receivable outstanding between the two companies, without any effect on cash. (see Note 2.7.5).

Logista Portugal Distribuçao de Publicaçoes, S.A., a company disposed of in 2013, held a 20% ownership interest in the share capital of International News Portugal, Lda. The loss on the disposal of Logista Portugal Distribuçao de Publicaçoes, S.A. was recognised under "Net loss on disposal and impairment of non-current assets" in the accompanying consolidated income statement for 2013 (see Note 2.7.5).

A detail of the main investments in associates, including the name, registered office, principal line of business, the Group's ownership interest and the most significant financial information relating thereon is provided in Appendices I and II.

The most significant financial information relating to interests in joint ventures is as follows (considering a full interest):

2014

						Thousands of Euros
	30-09-2014				2014	
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Income	Expenses
Logista Libros, S.L.	30,487	10,441	40,821	95	25,467	(25,677)
Avanza Libros, S.L.U.	248	8	367	-	329	(396)
UTE Logista – GTECH	4,782	16,770	129,784	381	10,719	(20,774)

2013

						Thousands of Euros
	30-09-2013				2013	
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Income	Expenses
Logista Libros, S.L.	28,530	10,028	36,621	154	23,771	(25,097)
Avanza Libros, S.L.U.	848	12	879	-	369	(372)
UTE Logista – GTECH	4,249	21,110	123,131	817	20,061	(39,944)

On 26 October 2010, Compañía de Distribución Integral Logista, S.A.U. and Indra Sistemas, S.A. formed, with ownership interests of 97% and 3% respectively, the unincorporated temporary joint venture called "Compañía de Distribución Integral Logista, S.A.U. and Indra Sistemas, S.A., Unión Temporal de Empresas, Ley 18/1982 de 26 de mayo, número 1", which is engaged in the provision of services for the Andalusian transport authority network. The assets and liabilities of this UTE, together with its results at the end of the reporting period were not significant at 30 September 2014.

10. Financial assets

The detail of "Other Non-Current Financial Assets" and "Current Financial Assets" in the accompanying consolidated balance sheets at 30 September 2014 and 2013 is as follows:

2014

					Thousands of Euros
	30-09-2014				
Financial Assets: Nature/Category	Loans Granted to Third Parties	Loans Granted to Related Companies	Short-Term Deposits and Guarantees	Available-for-Sale Financial Assets	Total
Equity instruments	-	-	-	3,464	3,464
Financial debts	1,325	-	-	-	1,325
Other financial assets	-	-	4,618	-	4,618
Non-current	**1,325**	-	**4,618**	**3,464**	**9,407**
Financial debts	32,526	1,635,665	-	-	1,668,191
Other financial assets	-	-	337	-	337
Current	**32,526**	**1,635,665**	**337**	-	**1,668,528**
Total	**33,851**	**1,635,665**	**4,955**	**3,464**	**1,677,935**

2013

					Thousands of Euros
	30-09-2013				
Financial Assets: Nature/Category	Loans Granted to Third Parties	Loans Granted to Related Companies	Short-Term Deposits and Guarantees	Available-for-Sale Financial Assets	Total
Equity instruments	-	-	-	3,108	3,108
Financial debts	5,326	-	-	-	5,326
Other financial assets	-	-	3,576	-	3,576
Non-current	**5,326**	-	**3,576**	**3,108**	**12,010**
Financial debts	29,057	1,572,207	-	-	1,601,264
Other financial assets	-	-	523	-	523
Current	**29,057**	**1,572,207**	**523**	-	**1,601,787**
Total	**34,383**	**1,572,207**	**4,099**	**3,108**	**1,613,797**

Loans granted to third parties

The venturers of Compañía de Distribución Integral Logista, S.A.U. y GTECH Global Lottery, S.L.U., Unión Temporal de Empresas granted a loan to this joint venture divided into equal shares which at 30 September 2014 totalled EUR 124,436 thousand. Compañía de Distribución Integral Logista, S.A.U. recognised EUR 31,109 thousand (2013: EUR 28,799 thousand) in this connection, which are presented under "Other Current Financial Assets" and "Other Current Financial Liabilities" in the accompanying consolidated balance sheet at 30 September 2014, for the receivables from and payables to the aforementioned joint venture that correspond to the other venturer (see Notes 9 and 21).

Credits granted to related parties

At 30 September 2013, Imperial Tobacco Enterprise Finance Limited y Logista France S.A.S and Compañía de Distribución Integral Logista, S.A.U. entered into a mutual agreement for a credit line with a maximum draw down limit of EUR 2,000 million, and which earned interest at the European Central Bank interest rate, plus a spread of 0.75%.

Logista France consolidated all the funds of the Logista Group under this agreement. All transactions performed by the rest of the Logista Group companies were therefore considered to be carried out for and on behalf of Logista France.

As of 12 June 2014, Imperial Tobacco Enterprise Finance Limited, Compañía de Distribución Integral Logista Holdings, S.A.U., Compañía de Distribución Integral Logista, S.A.U. and Logista France, S.A.S., which until 11 June 2014 was the company that consolidated the funds on a daily basis and as of that date assigned the rights and obligations with regard to the outstanding balances to Logista, S.A.U., 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 draw down limit of EUR 2,000 million. As a result of this new agreement, Logista France, S.A.S., which until 11 June 2014 was the company which pooled the funds on a daily basis, transferred the rights and obligations relating to the outstanding balances to Compañía de Distribución Integral Logista, S.A.U., which thus became the new consolidating company (see Note 28).

The purpose of this agreement is to govern the terms and conditions under which Logista will lend, on a daily basis, its cash surpluses to Imperial Tobacco Enterprise Finance Limited for the purpose of optimising its cash flow, and the loans from Imperial Tobacco Enterprise Finance Limited to Logista in order for the latter to be able to meet its cash needs arising from its operations.

In accordance with this agreement, Logista, S.A.U. will lend, on a daily bases, its cash surpluses to Imperial Tobacco Enterprise Finance Limited or will receive the cash necessary to meet its payment obligations. Each of these two companies will therefore open an internal current account in which the daily movements between both companies will be recorded.

The daily balance of this internal current account earns interest at the European Central Bank interest rate, plus a spread of 0.75%. Interest is calculated on a daily basis, based on 360 days, and is capitalised every quarter.

11. Inventories

The detail of the Group's inventories at 30 September 2014 and 2013 is as follows:

		Thousands of Euros
	2014	2013
Tobacco	1,000,717	1,140,772
Published materials	9,393	10,027
Other merchandise	68,344	65,387
Write-downs	(11,804)	(8,119)
Total	**1,066,650**	**1,208,067**

The balance of tobacco inventories includes the excise duty chargeable to the tobacco items for the tobacco stock in the Group's warehouses at 30 September 2014, for a total amount of EUR 390,446 thousand (2013: EUR 449,531 thousand).

The write-down in year 2014 and 2013 relates mainly to tobacco inventories that were defective or that cannot be sold at year end. The changes in the write-downs relating to "Inventories" in the accompanying consolidated balance sheet were as follows:

	Thousands of Euros
Accumulated write-down at 30 September 2012	8,383
Inclusions in scope of consolidation (Note 32)	6,005
Period write-downs	2,126
Amounts used	(8,395)
Accumulated write-down at 30 September 2013	**8,119**
Period write-downs	6,176
Reversals	(2,491)
Accumulated write-down at 30 September 2014	**11,804**

12. Trade and other receivables

The detail of "Trade and Other Receivables" in the accompanying consolidated balance sheets at 30 September 2014 and 2013 is as follows:

		Thousands of Euros
	2014	2013
Trade receivables for sales and services	1,789,023	1,572,992
Related companies (Note 28)	4,625	10,248
Sundry accounts receivable	29,023	25,868
Employee receivables	668	1,115
Less- Allowances for doubtful debts	(54,163)	(50,133)
	1,769,176	**1,560,090**

The changes in the "Allowances for Doubtful Debts" in 2014 and 2013 were as follows:

	Thousands of Euros
Allowance for doubtful debts at 30 September 2012	38,683
Inclusions in scope of consolidation (Note 32)	7,688
Amounts used	(8,572)
Period provisions	12,334
Allowance for doubtful debts at 30 September 2013	**50,133**
Amounts used	(498)
Period provisions	9,280
Reversals	(4,752)
Allowance for doubtful debts at 30 September 2014	**54,163**

The additions to and reversals from the allowance for doubtful debts in 2014 are recognised under "Cost of Logistics Networks - Other Operating Expenses" in the accompanying consolidated income statement.

At 30 September 2014, the total amounts of balances provided are older than 90 days.

Trade receivables for sales and services

"Trade Receivables for Sales and Services" includes mainly the balances receivable from the sales of tobacco products, postage and other stamps relating basically to the final delivery of each year, which may be settled during the first days of the following year, including the excise duties and VAT associated with tobacco product sales which do not form part of revenue (see Note 4.15).

The average credit period taken on sales of goods and services ranges from 10 to 30 days. No interest is charged on the receivables for the first 30 days after the expiry date of the invoice. Thereafter, interest is generally charged at between 6.5% and 9% on the outstanding balance.

None of the clients supposes more than 5% of the trade receivable balances, so there is no clients' concentration risk.

The detail of the past-due receivables for which no allowance had been recognised at 30 September 2014 and 2013 is as follows:

Tranche		Thousands of Euros
	2014	2013
0-30 days	45,599	29,084
30-90 days	12,815	11,015
90-180 days	6,494	6,664
180-360 days	2,809	2,881
More than 360 days	955	2,874

The Group recognizes an allowance for doubtful debts based on seniority of the debt, unless there are additional guarantees of payment.

13. Cash and cash equivalents

"Cash and Cash Equivalents" in the consolidated balance sheets at 30 September 2014 and 2013 includes mainly the Group's cash deposited in current accounts at banks.

The average interest rate obtained by the Group on its cash and cash equivalent balances was 0.93% in 2014 (0.98% in 2013).

14. Equity

At the end of 2014, the Parent's share capital amounted to EUR 26,550 thousand and was represented by 132,750,000 fully subscribed and paid shares of EUR 0.2 par value each, all of the same class.

As indicated in Note 1, the Parent was incorporated on 13 May 2014, with a share capital of EUR 60 thousand, divided into 300,000 shares of EUR 0.20 par value each, all of which are of the same class and fully subscribed and paid in cash by its sole shareholder. In accordance with Article 16 of the Consolidated Spanish Capital Companies Law, the Company registered its sole-shareholder status on the same date in the Mercantile Registry.

On 4 June 2014, the sole shareholder approved the share capital increase through a non-monetary contribution of EUR 26,490 thousand, through the issue of 132,450,000 new shares of EUR 0.20 par value each, together with a total share premium of EUR 942,148 thousand. The shares issued were of the same class as the outstanding shares and were fully subscribed and paid by Altadis, S.A.U. through the contribution to the Company of 44,250,000 registered shares representing all of the share capital of Compañía de Distribución Integral Logista, S.A.U. For these purposes, it should be noted that the aforementioned non-monetary contribution was subject to the required assessment by an independent expert appointed by the Mercantile Registry, pursuant to the Spanish Capital Companies Law and the Mercantile Registry Regulations.

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

The only shareholder with an ownership interest of 10% or more in the Parent's share capital at 30 September 2014 was Altadis, S.A.U., with an ownership interest of 70%.

At 30 September 2014, all shares of the Parent have the same voting and dividend rights.

Capital Management

The main objectives of the Group's capital management are to ensure financial stability in the short and long term and the adequate funding of investments, keeping debt levels, all aimed at that the Group maintains its financial strength and soundness of their ratios so that it supports their business and maximizes the value for its shareholders.

At September 30, 2014 and 2013 the leverage ratio is as follows:

		Thousands of Euros
	2014	2013
Bank borrowings	2,623	3,729
Other current financial liabilities	32,560	115,943
Gross debt	**35,183**	**119,672**
Current financial assets (Note 10)	(1,668,191)	(1,601,264)
Cash and cash equivalents	(32,372)	(149,907)
Financial assets and cash	**(1,700,563)**	**(1,751,171)**
Total net debt	**(1,665,380)**	**(1,631,499)**
Total equity	442,428	460,824
Leverage ratio	**(3.76)**	**(3.54)**

15. Reserves

Share premium

The Spanish Capital Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use.

Legal reserve

Under the Spanish Capital Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 30 September 2014, no appropriations had yet been made to the Parent's legal reserve.

Other reserves

The capital increase expenses incurred by the Company in the transaction described under "Share capital", which were taken to reserves, amount to EUR 176 thousand, net of the related tax effect.

Reorganisation reserve

This line item includes the net effect which arose in the Parent's reserves as a result of the corporate reorganisation that took place during the year, as described in Notes 1 and 2.4 and in the section above entitled "Share Capital", in conformity with the regulatory financial reporting framework applicable to the Group.

Reserve for first-time application of IFRSs

As a result of the transition to International Financial Reporting Standards (IFRSs), the Group revalued a plot of land assigned to its operations by EUR 28,500 thousand, based on the appraisal of an independent valuer, considering the fair value of this plot of land to be the deemed cost thereof in the transition to IFRSs. The impact of this revaluation on reserves amounted to EUR 19,950 thousand.

Dividends

On 25 February 2014, Altadis, S.A.U., at that time the sole shareholder of Compañía de Distribución Integral Logista, S.A.U. (former Parent of the Group), approved the distribution of a dividend of EUR 1.80 per share out of the profit for 2013, resulting in a total dividend payment of EUR 79,650 thousand.

On 27 May 2014, the Group approved and paid to Altadis, S.A.U., at that time the sole shareholder of Compañía de Distribución Integral Logista, S.A.U. (former Parent of the Group), an interim dividend out of the profit for 2014, amounting to EUR 39,825 thousand. This dividend was paid on 28 May 2014 with a credit to the loan held by Compañía de Distribución Integral Logista, S.A.U. with Altadis, S.A.U.

16. Reserves at consolidated companies

The detail of "Reserves of Group Companies and Associates" in the consolidated balance sheets at 30 September 2014 and 2013 is as follows:

		Thousands of Euros
	2014	2013
Subsidiaries and jointly controlled entities	144,519	140,227
Reserves in associated entities	(1,843)	(1,345)
Total	**142,676**	**138,882**

The reserves at consolidated companies include the retained earnings not appropriated at the beginning of the period relating to the consolidated companies and taking into account the consolidation adjustments.

17. Minority interests

The detail, by company, of "Minority interests" and "Profit/loss attributed to minority interests" in the consolidated balance sheets is as follows:

				Thousands of Euros
	2014		2013	
Entity	Minority Interests	Income Atributable To Minority Shareholders	Minority Interests	Income Atributable To Minority Shareholders
Distribuidora Valenciana de Ediciones, S.A.	384	39	345	(78)
Terzia, S.p.A.	844	32	812	(111)
Distribución de Publicaciones Siglo XXI Guadalajara, S.L.	44	13	31	7
Transportes Basegar, S.L.	424	65	359	60
Distribuidora de Publicaciones del Sur, S.L.	123	22	101	101
Other Entities	108	-	66	1
Total	**1,927**	**171**	**1,714**	**(20)**

The changes in this heading in 2014 and 2013 were as follows:

		Thousands of Euros
	2014	2013
Beginning balance	1,714	1,812
Additions to the scope of consolidation (Note 32)	-	(61)
Exits of the scope of consolidation (Nota 2.7.5)	-	(35)
Acquisition of non-controlling interests	42	-
Change due to profit for the year	171	(20)
Dividends paid to minority interests and other	-	18
Ending balance	**1,927**	**1,714**

18. Risk Exposure

The management of the risks to which the Logista Group is exposed in the course of its business constitutes one of the basic pillars of its activities aimed at preserving the value of the Group's assets at all the business units and in all the countries in which it operates (mainly Spain, Italy, France, Portugal and Poland) and, as a result, the value of its shareholder's investments. The risk management system is structured and defined to achieve the strategic and operating objectives.

The Group's financial risk management is centralised in the Corporate Finance Division. This Division has the required mechanisms in place to control, based on the Group's financial position and structure and on the economic variables of the environment, the exposure to interest and exchange rate fluctuations and to the credit and liquidity risks, establishing, when necessary, the related credit limits and setting the policy for the doubtful debts allowance.

The main risks and uncertainties faced by the Group derive from the possible regulatory changes in the industries in which it operates.

Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables, the latter two concentrating the risks of doubtful debts and past-due amounts. In general the Group has its cash and cash equivalents deposited at financial institutions with a high level of solvency. The Group controls the default and delinquency risks by setting credit limits and establishing demanding conditions in relation to collection periods.

The commercial risk is spread out over a large number of customers that have shorter collection periods and extremely low historical default rates and, therefore, the Group's exposure to third-party credit risk is scantly material.

At 30 September 2014 the Group considers that the level of credit risk exposure of its financial assets is not significant.

Interest rate risk

In relation to its cash and cash equivalents and bank borrowings, the Group is exposed to interest rate fluctuations which might affect its profit and cash flows. However, due to the Group's low borrowing level, management considers that the effect would not be material under any circumstances.

In accordance with the disclosure requirements of IFRS 7, the Group performed a sensitivity analysis in relation to the possible interest rate fluctuations which might occur in the markets in which it operates. Based on these requirements, the Group considers that each interest rate drop of 10 basis points would give rise to a decrease in the Group's finance income of EUR 1 million.

Foreign currency risk

The level of exposure of equity and the income statement to the effects of future changes in the foreign currency exchange rates in force is not significant because the volume of the Group's transactions in currencies other than the euro is not material (see Note 27).

The Group does not have significant investments in foreign entities which operate in currencies other than the euro and it does not carry out significant transactions in countries whose currency is not the euro.

In addition, all the companies composing the Logista Group prepare their financial statements in euros, except for two subsidiaries in Poland and another in Morocco, the activities of which are of scant significance in the Group's business taken as a whole.

Liquidity risk

The Group has to meet payments arising from its activities, including significant amounts relating to excise duties and VAT.

Also, as a result of the difference between the average collection and payment periods, at 30 September 2014, the Group had a working capital deficiency amounting to EUR 1,069,045 thousand (30 September 2013: EUR 999,327 thousand).

In any event, the Group, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its consolidated balance sheet, together with the cash-pooling facilities with companies in the Group to which it belongs.

19. Provisions

The detail of the balance of short- and long-term provisions in the accompanying consolidated balance sheets at 30 September 2014 and 2013 and of the main changes therein in the periods is as follows:

2014

Thousands of Euros

	Balance at 30-09-13	Additions	Reversions	Provisions Used	Transfers (Nota 9)	Balance at 30-09-14
Customs and excise duty assessments	109,755	9,301	(47,249)	(55,329)	-	16,478
Obligations to employees	14,209	1,534	(374)	(701)	(544)	14,124
Provision for restructuring costs	12,925	1,550	-	-	(11,992)	2,483
Provision for contingencies and charges	15,134	8,280	(1,926)	(4,624)	(3,082)	13,782
Other	9,157	217	(2,983)	(31)	2,051	8,411
Non-current provisions	**161,180**	**20,882**	**(52,532)**	**(60,685)**	**(13,567)**	**55,278**
Provision for restructuring costs	5,277	5,096	(9)	(11,480)	11,992	10,876
Customer Refunds	4,187	191	-	(6)	-	4,372
Other	690	1,393	(406)	(1,240)	2,383	2,820
Current provisions	**10,154**	**6,680**	**(415)**	**(12,726)**	**14,375**	**18,068**

2013

	Balance at 30-09-12	Additions to the scope of consolidation (Note 32)	Additions	Reversions	Provisions Used	Transfers (Nota 9)	Balance at 30-09-13
							Thousands of Euros
Customs and excise duty assessments	107,283	-	7,269	-	(4,797)	-	109,755
Obligations to employees	7,170	3,992	2,183	-	-	864	14,209
Provision for restructuring costs	9,433	-	15,799	-	(10,332)	(1,975)	12,925
Provision for contingencies and charges	14,981	752	2,874	(1,966)	(727)	(780)	15,134
Other	7,962	3,119	425	(785)	(1,204)	(360)	9,157
Non-current provisions	**146,829**	**7,863**	**28,550**	**(2,751)**	**(17,060)**	**(2,251)**	**161,180**
Provisions for restructuring costs	2,842	-	3,699	-	(3,239)	1,975	5,277
Customer Refunds	4,015	-	180	-	(8)	-	4,187
Other	1,002	8,243	265	(136)	(9,464)	780	690
Current provisions	**7,859**	**8,243**	**4,144**	**(136)**	**(12,711)**	**2,755**	**10,154**

Provision for excise tax on tobacco products and for 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 to 2009, and for adjustments to the customs duty and import VAT not paid over for 2003. Compañía de Distribución Integral Logista, S.A.U. signed the assessments on a contested basis and filed appeals against them. However, 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 2014 the Central Economic-Administrative Tribunal handed down favourable judgments to Compañía de Distribución Integral Logista, S.A.U. in relation to the settlement of 2006 excise tax. Since none of the parties involved filed an appeal against the aforementioned judgment by the statutory deadline, the Company's directors considered these judgments to be final and, accordingly, reversed the provision related thereto amounting to approximately EUR 47,249 thousand, of which EUR 39,123 thousand related to the amount initially claimed by the public authorities and the remaining EUR 8,126 thousand to the late-payment interest accrued since the assessment was issued. The impact of this reversal is recognised under "Procurements" (deficiency) and "Finance Income" (interest) in the accompanying consolidated income statement.

Also, in 2014 the Supreme Court rejected the appeals filed by Compañía de Distribución Integral Logista, S.A.U. in relation to the returns for excise tax on tobacco products for 2004 and 2005 and to certain customs duty returns. Accordingly, Compañía de Distribución Integral Logista, S.A.U. paid the related assessments (EUR 55,329 thousand) and used the provision recognised for this purpose in prior years.

Based on the most recent judgments handed down, the Group re-estimated the amount of the provision associated with the contested assessments and recognised an additional amount of EUR 9,301 thousand on the basis of its best estimate of the related contingency, of which EUR 8,201 thousand relate to the initial deficiency and interest associated with the excise tax settlements for 2007, 2008 and 2009. This additional provision was recorded with a charge to "Procurements" in the accompanying consolidated income statement. The remaining EUR 1,100 thousand relate to the late-payment interest accrued on the outstanding appeals at 30 September 2014 and, therefore, the related provision was recognised with a charge to "Finance Costs" in the aforementioned consolidated income statement.

In 2013 the Supreme Court rejected several appeals filed by Compañía de Distribución Integral Logista, S.A.U. in relation to certain of the customs duty assessments. Consequently, the Company settled these assessments, for EUR 4,797 thousand, including the related late-payment interest.

Provisions for employee benefit obligations

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 of Logista France, S.A.S. Of the provision recognised in 2014, EUR 1,366 thousand were recorded with a charge to "Reserves of Consolidated Companies", since they relate to changes in the actuarial assumptions used to calculate the present value of the total obligation assumed by those companies. The aggregate balance relating to these items amounted to EUR 14,124 thousand at 30 September 2014 (30 September 2013: EUR 14,209 thousand).

Provision for restructuring costs

This line item relates mainly to the following:

- Restructuring of the logistics network of warehouses, the main cost of which relates to the payment of termination benefits, at Logista Italia. S.p.A. At the end of 2014 EUR 2,483 thousand (end of 2013: EUR 993 thousand) at long term and EUR 1,815 thousand (end of 2013: EUR 3,683 thousand) at short term had not yet been charged to profit or loss.

- Restructuring transactions that the directors of Compañía de Distribución Integral Logista, S.A.U. intend to carry out at short term. In 2014 provisions amounting to EUR 3,316 thousand (2013: EUR 1,818 thousand) were recognised and payments amounting to EUR 2,483 thousand were made using provisions recorded in prior periods (2013: EUR 1,695 thousand).

- Restructuring transactions initiated in 2013 by Logista France, S.A.S. at its subsidiary Strator, S.A.S., the main cost of which relates to the payment of termination benefits, and in its logistics network, involving the closure of its warehouse in Nancy (France). In 2014 payments amounting to EUR 7,129 thousand were made in this connection, and provisions of EUR 1,780 thousand were recognised, based on the best estimate of this company's directors of the cost associated with the two processes, with a charge to "Head Office Expenses – Staff Costs and Other" in the accompanying consolidated income statement. The balance of these provisions at 2014 year-end was EUR 6,634 thousand (2013 year-end: EUR 11,992 thousand).

The Company's directors consider that both processes will be completed at short term and, therefore, in 2014 the related provision was reclassified to current liabilities in the accompanying consolidated balance sheet.

Provisions for contingencies and charges

This line item relates mainly to the following:

- A provision of EUR 5,000 thousand recorded in 2014 for the payments that might have to be made as a result of a decision handed down against the Group in the first instance in connection with a lawsuit with a creditor, against which, however, an appeal has been filed. This provision was recognised under "Cost of Logistics Networks - Other Operating Expenses".

- Provisions for income tax assessments relating to 2008 and 2009 at Logista Italia, S.p.A. amounting to EUR 2,694 thousand. In 2014 the tax audit of the income tax reported by Logista Italia, S.p.A. for the period between 2007 and 2011 was completed.

- Provisions recognised by Logista Italia, S.p.A. for litigation in progress with members of its logistics warehouse network and provisions for excise taxes associated with tobacco thefts totalling EUR 2,934 thousand at the end of 2014 (end of 2013: EUR 4,970 thousand).

- This line items also includes provisions for contingencies associated with various lawsuits that the Group has in progress with third parties.

Customer refunds

The customers of books and publications 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 year-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 the book and publications sales activity.

20. Tax matters

Consolidated Tax Group

Certain Group companies file consolidated tax returns with Imperial Tobacco España, S.L.U. (see Note 4.16). In addition to Imperial Tobacco España, S.L.U., the companies included in the consolidated tax group for income tax purposes are as follows: Compañía de Distribución Integral Logista, S.A.U., Compañía de Distribución Integral Logista Holdings, S.A., Distribérica, S.A.U., Publicaciones y Libros, S.A., Distribuidora de las Rías, S.A., Logista-Dis, S.A.U., La Mancha 2000, S.A.U., Dronas, 2002, S.L.U., T2 Gran Canaria, S.A.U., Logista Pharma, S.A.U., Cyberpoint, S.L.U., Distribuidora del Noroeste, S.L., Logilenia Distribuidora Farmacéutica, S.L.U., Compañía de Distribución Integral de Publicaciones Logista, S.L.U., Distribuidora del Este, S.A.U., S.A. Distribuidora de Ediciones, Logesta Gestión de Transporte, S.A.U. and Distribución de Publicaciones Siglo XXI Guadalajara, S.L., together with other Imperial Tobacco España Group companies.

In addition, Logista France, S.A.S., Société Allumetiére Française, S.A.S., Supergroup, S.A.S. and Strator, S.A.S. file consolidated income tax returns in France as part of the group headed by Logista France, S.A.S.

Also, Logista Italia, S.p.A., Terzia, S.p.A. and Logesta Italia, S.r.l. file consolidated income tax returns in Italy as part of the group headed by Logista Italia, S.p.A.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

On 20 June 2014, the Spanish Cabinet received a report from the Minister for Finance and Public Administration on four draft laws aimed at reforming the Spanish tax system, which include, among other measures, a change to the standard tax rate to 28% for 2015 and 25% for 2016. At the date of preparation of these financial statements, the corresponding laws were still awaiting final approval, although the Group is currently assessing the impacts that might arise from the aforementioned reform, and considers that in any case those impacts would not be significant, on the basis of the legislation in force at year-end.

Years open for review by the tax authorities

At 30 September 2014, the Parent Company had the last five years open for review for income tax, since 2013 or customs duties, since 2012 for excise duties, and the remaining four years for the other taxes applicable to it.

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.

In 2014 the tax authorities initiated a tax audit of income tax for 2009, 2010 and 2011, VAT and personal income tax withholdings for 2010, 2011 and 2012, excise tax for 2011 and tax on foreign trade for 2012. These processed were still in progress at the date of preparation of these consolidated financial statements.

The Company's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying financial statements.

Tax receivables and payables

The detail of the tax receivables at 30 September 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	**2013**
Deferred tax assets:		
Provision for restructuring costs	12,477	11,189
Goodwill	12,747	14,763
Impairment losses and other	17,143	15,267
Provision for third-party liability	3,064	3,577
Other deferred tax assets	13,974	12,252
	59,405	**57,048**
Tax receivables (current):		
VAT refundable	8,914	11,890
Income tax refundable	2,179	1,667
Other	4,164	938
	15,257	**14,495**

The deferred tax assets relate mainly to provisions recognised for restructuring plans, termination benefits and obligations to employees that will become tax deductible in the coming years, as well as to adjustments due to the application of transitional tax legislation in 2013-2014 as a result of which 30% of the depreciation and amortisation charge was not deductible but will become so in future years.

The detail of the tax payables at 30 September 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	2013
Deferred tax liabilities:		
Assets contributed by Logista	884	916
Revaluation of land owned by the Parent (Note 15)	8,550	8,550
Goodwill	95,640	94,098
Business Combination (Note 32)	250,282	269,138
Other	2,159	2,009
	357,515	**374,711**
Tax payables (current):		
Excise duty on tobacco products	3,581,735	3,431,411
VAT payable	867,808	812,684
Customs duty settlements	4,507	5,677
Income tax, net of prepayments	29,382	15,240
Personal income tax withholdings	2,808	2,418
Social security taxes payable	15,970	18,134
Tax retention to tobacconists (France)	30,748	28,006
Other	4,717	7,851
	4,537,675	**4,321,421**

Short-term balances include mainly the "Excise Duty on Tobacco Products" accrued by Compañía de Distribución Integral Logista, S.A.U., Logistra France, S.A.S. and by Logista Italia, S.p.A. and pending payment to the tax authorities.

Until 2011, each year Compañía de Distribución Integral Logista, S.A.U decreased its taxable profit by one twentieth of the implicit goodwill included in the acquisition price of its subsidiary in Italy. These reductions are considered to be temporary differences.

On 30 March 2012, Royal Decree-Law 12/2012 came into force, introducing various tax and administrative measures aimed at reducing the public deficit. These measures include limiting the tax deductibility of such goodwill to 1% per year.

Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit before tax to the aggregate taxable profit and of the accounting profit before tax to the income tax expense resulting from the application of the standard tax rate in force in Spain for the years ended 30 September 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	2013
Accounting profit before tax	153,630	118,935
Permanent differences:		
- Individual companies	2,657	4,608
Temporary differences:		
- Individual companies	2,333	(2,943)
- Consolidation adjustments	52,235	52,235
Taxable profit	**210,855**	**172,835**

The temporary differences arising from consolidation adjustments relate mainly to the depreciation and amortisation of assets recognised in the accounting for the acquisition of Logista France, S.A.S. (see Note 32).

	Thousands of Euros	
	2014	2013
Accounting profit before tax	153,630	118,935
Permanent differences	2,657	4,608
Tax charge at 30%	46,886	37,063
Effect of different tax rates	8,572	(8,602)
Tax credits:		
Reinvestment of gains	(378)	(20)
Other	(1,009)	1,888
Total income tax expense recognised in profit or loss	**54,071**	**30,329**

The Group is affected by the different income tax rates to which the Group companies' activities are subject:

- Spain: the income tax rate is 30%.
- France: the standard tax rate is 38%, although certain companies are taxed at 33.33% and there is also a supplementary business tax (CVAE TAX) which can represent an additional 2%-3%.
- Italy: the income tax rate is 27.5% and, as in France, there is a supplementary business tax which can represent an additional 4.6651%.
- Portugal: the income tax rate is 26.5%, and there is an obligation to make pre-payments even if an entity is reporting a loss.
- Poland: the income tax rate is 19%.

In 2013 the inclusion of Logista France, S.A.S. in the scope of consolidation gave rise to a tax saving for the Group of EUR 11,567 thousand (see Note 32).

Breakdown of the income tax expense

		Thousands of Euros
	2014	2013
Current tax:		
Continuing operations	73,624	47,876
Deferred tax:		
Continuing operations	(19,553)	(17,547)
Total tax expense	**54,071**	**30,329**

Changes in deferred tax assets and liabilities

The changes in deferred tax assets and liabilities in 2014 and 2013 were as follows:

2014

			Thousands of Euros
	Balance at 30-09-13	Change in profit or loss	Balance at 30-09-14
Deferred tax assets:			
Provision for restructuring costs	11,189	1,288	12,477
Goodwill	14,763	(2,016)	12,747
Impairment losses and other	15,267	1,876	17,143
Provision for third-party liability	3,577	(513)	3,064
Other deferred tax assets	12,252	1,722	13,974
	57,048	**2,357**	**59,405**
Deferred tax liabilities:			
Assets contributed by Logista	(916)	32	(884)
Revaluation of land	(8,550)	-	(8,550)
Goodwill	(94,098)	(1,542)	(95,640)
Business combination (Note 32)	(269,138)	18,856	(250,282)
Other	(2,009)	(150)	(2,159)
	(374,711)	**17,196**	**(357,515)**

2013

					Thousands of Euros
	Balance at 30-09-12	Inclusions in scope of consolidation (Note 32)	Business combination (Note 32)	Change in profit or loss	Balance at 30-09-13
Deferred tax assets:					
Provision for restructuring costs	4,343	4,173	-	2,673	11,189
Goodwill	14,279	-	-	484	14,763
Financial asset impairment losses and other	15,401	-	-	(134)	15,267
Provision for third-party liability	3,273	552	-	(248)	3,577
Other deferred tax assets	10,455	4,375	-	(2,578)	12,252
	47,751	**9,100**	-	**197**	**57,048**
Deferred tax liabilities:					
Assets contributed by Logista	(960)	-	-	44	(916)
Revaluation of land	(8,550)	-	-	-	(8,550)
Goodwill	(92,314)	-	-	(1,784)	(94,098)
Business combination (Note 32)	-	-	(287,993)	18,855	(269,138)
Other	(1,441)	(803)	-	235	(2,009)
	(103,265)	**(803)**	**(287,993)**	**17,350**	**(374,711)**

Tax credit and tax loss carryforwards

At 30 September 2014, the Group did not have any unused tax credits.

The Group's tax loss carryforwards at the end of 2014 were basically as follows:

- Spain: the tax losses not yet offset amount to EUR 6.5 million and were incurred mainly by Logista Pharma, S.A.U.
- Portugal: the tax losses not yet offset amount to EUR 13 million and were incurred mainly by Logista Transportes, Transitarios e Pharma, Lda.
- France: the tax losses not yet offset amount to EUR 16 million and were incurred by Strator, S.A.S. and Logista Promotion et Transport, S.A.S.
- Poland: the tax losses not yet offset amount to EUR 8 million.

21. Other current financial liabilities

This line item includes mainly the balance at Compañía de Distribución Integral Logista, S.A.U. relating to the credit facility granted by it to Compañía de Distribución Integral Logista, S.A.U. y GTECH Global Lottery, S.L.U., Unión Temporal de Empresas, which amounted to EUR 31,109 thousand at 30 September 2014 (30 September 2013: EUR 28,799 thousand). This amount represents the balance payable by the Group to GTECH Global Lottery as a result of the account payable to the other venturer of the UTE assumed by the Group (see Note 10).

Also, at the end of 2013 this line item included the balance of the current account with Imperial Tobacco Enterprise Finance Limited amounting to EUR 87,144 thousand (see Note 28).

22. Trade and other payables

The detail of "Trade and Other Payables" in the accompanying consolidated balance sheet at 30 September 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	**2013**
Accounts payable for purchases and services	797,065	829,925
Notes payable	19,771	18,672
Payable to related companies (Note 28)	164,518	188,842
Advances received on orders	186	159
	981,540	**1,037,598**

Trade and Other Payables" includes mainly the amounts outstanding for trade purchases and related costs. The average payment period for trade purchases in 2014 and 2013 was approximately 38 days (33 days in 2013).

23. Other current liabilities

At 30 September 2014 and 2013 "Other Current Liabilities" includes mainly the remuneration payable to the employees of the various Group companies, as well as deferred liabilities.

24. Guarantee commitments to third parties

At 30 September 2014, the Group has been provided with bank guarantees totalling EUR 154,060 thousand (30 September 2013: EUR 351,206 thousand) which, in general, secure the fulfilment of certain obligations assumed by the consolidated companies in the performance of their business activities.

In 2014 guarantees totalling EUR 174,798 thousand were released. These guarantees had been provided to cover the tax assessments issued by the tax authorities as a result of the audit by the Spanish customs authorities of the returns for excise tax on tobacco products for 2004 to 2006 and the customs duty assessments for 2001 to 2003 (see Note 19).

Also, the Group has provided guarantees for its ordinary trading operations; in this regard, the Parent's directors consider that any liabilities not foreseen at 30 September 2014 that might arise from the aforementioned guarantees would not in any event be material.

At 30 September 2014, the Group had taken out insurance policies to cover possible contingencies for transport and storage in factories and representative offices, fire and third-party liability for all its work centres. The insured sum adequately covers the aforementioned assets and risks.

25. Income and expenses

a) Income

The detail of "Revenue" in the consolidated income statements for 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	**2013**
Iberia	2,557,788	2,608,348
Italy	2,529,752	2,749,258
France	4,454,496	4,543,301
Corporative	6,245	9,645
Adjustment due to inter-segment sales	(41,714)	(47,738)
Total	**9,506,567**	**9,862,814**

b) Staff costs

The detail of the Group's "Staff Costs" in 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	**2013**
Wages, salaries and similar expenses	193,705	200,250
Employer social security costs	63,787	61,468
Other employee benefit costs (Note 4.12)	1,712	3,075
Other social costs	14,253	16,441
	273,457	**281,234**

The average number of employees at the Group, by professional category, in 2014 and 2013, as well as the number of employes as of 30 September 2014 and 30 September 2013 was as follows:

2014

	Number of Persons							
	Average Headcount				Headcount at 30-09-14			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
Category	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Management	26	1	-	-	26	1	-	-
Line personnel and clerical staff	1,522	1,215	130	163	1,499	1,196	111	137
Messengers	1,628	712	359	110	1,616	730	373	113
Total	**3,176**	**1,928**	**489**	**273**	**3,141**	**1,927**	**484**	**250**
TOTAL	**5,104**		**762**		**5,068**		**734**	

2013

	Number of Persons							
	Average Headcount				Headcount at 30-09-13			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
Category	Men	Women	Men	Women	Men	Women	Men	Women
Management	27	1	-	-	26	1	-	-
Line personnel and clerical staff	1,195	1,023	122	140	1,182	998	129	161
Messengers	2,099	974	269	74	2,039	924	260	81
Total	**3,321**	**1,998**	**391**	**214**	**3,247**	**1,923**	**389**	**242**
TOTAL	**5,319**		**605**		**5,170**		**631**	

The average number of disabled employees with a handicap higher than 33% at the Group in 2014 and 2013 was 54 and 53, respectively.

Remuneration of senior executives

The senior executive functions are discharged by members of the Management Committee.

The remuneration earned in 2014 by the members of the Management Committee of the Parent (excluding executive directors) amounted to EUR 5,136 thousand (2013: EUR 4,277 thousand). The aforementioned amounts include the amounts vested in the members of the Management Committee in 2014 and 2013 under the incentive plan described in Note 4.12.

The period contributions to the pension plans for members of the Management Committee amounted to EUR 64 thousand at 30 September 2014 (30 September 2013: EUR 62 thousand).

c) Other operating expenses

The detail of "Other Operating Expenses" in the consolidated income statements is as follows:

Cost of logistics networks

	Thousands of Euros	
	2014	2013
Leases	32,978	34,483
Security and cleaning	15,625	16,185
Utilities	20,611	20,794
Other operating expenses	108,606	84,488
Total	**177,820**	**155,950**

Commercial expenses

	Thousands of Euros	
	2014	2013
Leases	2,477	2,529
Security and cleaning	17	18
Utilities	795	291
Other operating expenses	22,150	23,047
Total	**25,438**	**25,885**

Head Office costs

	Thousands of Euros	
	2014	2013
Leases	5,011	5,122
Security and cleaning	706	864
Utilities	472	440
Other operating expenses	29,689	29,237
Total	**35,878**	**35,663**

d) Operating leases

The Company has the following future rental payment commitments, classified by year of maturity, without considering future contingent rent revisions (in thousands of Euros):

	Thousands of Euros	
	2014	2013
Within one year	29,245	26,715
Between one and five years	56,441	77,304
More than five years	10,211	16,441
Total	**95,897**	**120,460**

e) Finance income

The detail of "Finance Income" in the accompanying consolidated income statements is as follows:

	Thousands of Euros	
	2014	2013
Interest income (Note 28)	11,321	5,708
Other finance income	10,450	1,666
	21,771	**7,374**

In 2014 EUR 8,126 thousand were recorded under "Other Finance Income" relating to the reversal of the provision for excise tax assessments for 2006 (see Note 19).

f) Finance expenses

The detail of "Financial expenses" in the accompanying consolidated income statements is as follows:

	Thousands of Euros	
	2014	**2013**
Accrual for late payment interests and financial update of provisions (Note 19)	2,034	7,839
Negative exchange differences	76	11
Other financial costs	4,995	3,739
	7,105	**11,589**

g) Other disclosures

In 2014 and 2013 the fees for financial audit and other services provided by the Company's consolidated financial statements auditor, Deloitte, S.L., or by a company related to such auditor as a result of a relationship of control, common ownership or common management, as well as the fees for services invoiced by other auditors of the stand-alone financial statements of companies under the scope of consolidation, and the companies related to such other auditors as a result of a relationship of control, common ownership or common management were as follows (in thousands of Euro):

	Services renderred by the main auditor		Services rendered by other auditors	
	2014	**2013**	**2014**	**2013**
Audit services	1,071	1,083	209	203
Other attest services	525	26	-	-
Total audit and related services	**1,596**	**1,109**	**209**	**203**
Tax advisory services	143	134	-	-
Other services	6	6	-	-
Total professional services	**1,745**	**1,249**	**209**	**203**

26. Segment reporting

Basis of segmentation

Segment reporting is structured by geographical segment. The Group's business activities are located mainly in Spain, Portugal (Iberian Peninsula), France and Italy. "Corporate and Others" includes Poland.

Basis and methodology for segment reporting

The segment reporting below is based on monthly reports prepared by Logista Group management which are generated through a computer application which categorises the transactions by geographical area.

The segment's ordinary revenue relates to the ordinary income directly allocable to the segment plus the relevant proportion of the Group general revenue that can be allocated thereto using reasonable allocation bases. Each segment's ordinary revenue does not include interest or dividend income or gains arising from sale of investments.

The expenses of each segment are determined as the directly allocable expenses arising from its operating activities plus the relevant proportion of the expenses which may be allocated to the segment using reasonable allocation bases. The expenses allocated do not include interest or losses arising from the disposal of investments; similarly, they do not include the income tax expense or the head office's general administrative expenses that are not related to the segments' operating activities and, therefore, that cannot be allocated using reasonable allocation bases.

The segment profit or loss includes interest income, dividends and gains or losses on sale of investments, and it is presented before any adjustment for minority interests.

The assets and liabilities of the segments are those that are directly related to their operations plus those that can be directly attributed to them on the basis of the aforementioned allocation system, and include the proportional part of joint ventures. Segment liabilities do not include income tax liabilities.

Primary segment reporting

	Iberia		Italy		France		Corporate and Other		Total Group	
										Thousands of Euros
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue:										
External sales	2,557,788	2,608,348	2,529,752	2,749,258	4,454,496	4,543,301	6,245	9,645	9,548,281	9,910,552
Tobacco and related products	2,182,692	2,242,247	2,529,752	2,749,258	4,223,401	4,357,504	6,245	9,645	8,932,488	9,348,793
Transport	316,279	315,601	-	-	-	-	-	-	316,279	315,601
Other businesses	109,728	84,855	-	-	240,801	196,110	-	-	360,131	290,826
Other adjustments	(50,911)	(34,355)	-	-	(9,706)	(10,313)	-	-	(60,617)	(44,668)
Inter-segment sales									(41,714)	(47,738)
Total revenue	**2,557,788**	**2,608,348**	**2,529,752**	**2,749,258**	**4,454,496**	**4,543,301**	**6,245**	**9,645**	**9,506,567**	**9,862,814**
Procurements:										
External procurements	(2,030,777)	(2,087,633)	(2,319,353)	(2,557,018)	(4,157,585)	(4,244,931)	-	-	(8,507,715)	(8,889,582)
Inter-segment procurements									37,161	38,278
Total procurements	**(2,030,777)**	**(2,087,633)**	**(2,319,353)**	**(2,557,018)**	**(4,157,585)**	**(4,244,931)**	**-**	**-**	**(8,470,554)**	**(8,851,304)**
Gross profit:										
External gross profit	527,010	520,715	210,399	192,240	296,912	298,370	6,245	9,645	1,040,566	1,020,970
Tobacco and related products	283,237	273,716	210,399	192,240	246,448	253,246	6,245	9,645	746,329	728,847
Transport	207,669	200,655	-	-	-	-	-	-	207,669	200,655
Other businesses	50,406	46,499	-	-	57,600	51,847	-	-	108,006	98,346
Other and adjustments	(14,302)	(155)	-	-	(7,136)	(6,723)	-	-	(21,438)	(6,878)
Inter-segment gross profit									(4,553)	(9,460)
Total gross profit	**527,010**	**520,715**	**210,399**	**192,240**	**296,912**	**298,370**	**6,245**	**9,645**	**1,036,013**	**1,011,510**
Profit (Loss):										
Segment result	91,811	76,504	43,765	36,523	23,811	23,745	(19,219)	(13,124)	140,168	123,648
Share of results of associates									(1,206)	(498)
Profit (Loss) from operations	**91,811**	**76,504**	**43,765**	**36,523**	**23,811**	**23,745**	**(19,219)**	**(13,124)**	**138,964**	**123,151**

Inter-segment sales are made at prevailing market prices.

The detail of the other disclosures related to the Group's business segments is as follows:

	Iberia		Italy		France		Corporate and Other		Total Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Other disclosures:										
Additions to non-current assets	20,223	20,924	5,838	12,895	8,819	802,179	89	46	34,969	836,044
Depreciation and amortisation charge	(26,063)	(29,349)	(6,319)	(5,213)	(57,536)	(58,073)	(201)	(200)	(90,118)	(92,835)
Balance sheet:										
Assets										
Property, plant and equipment, investment properties and non-currents assets held for sale	151,093	175,308	30,573	34,741	45,671	46,551	342	349	227,679	256,949
Other non-current assets	96,125	86,859	678,393	680,247	927,241	977,289	68	166	1,701,827	1,744,562
Inventories	387,726	384,310	238,926	265,698	440,448	558,059	-	-	1,066,650	1,208,067
Trade receivables	492,004	415,136	326,271	320,665	950,192	823,553	730	736	1,769,196	1,560,090
Other current assets									1,722,942	1,776,058
Total consolidated assets									**6,488,294**	**6,545,726**
Liabilities										
Non-current liabilities	118,825	209,966	42,170	40,932	257,038	290,462	-	-	418,033	541,360
Current liabilities	1,402,837	1,432,118	1,609,154	1,583,448	2,614,224	2,535,305	1,618	1,671	5,627,833	5,543,542
Equity									442,428	460,824
Total consolidated liabilities									**6,488,294**	**6,545,726**

27. Foreign currency transactions

The Logista Group's foreign currency transactions in 2014 and 2013, measured in euros at the average exchange rate for the year, were as follows:

	Thousands of Euros	
	2014	2013
Sales	13,350	11,682
Purchases	7,049	5,400
Services received	5,498	5,252

28. Balances and transactions with related parties

The balances at 30 September 2014 and 2013 with related companies were as follows:

2014

			Thousands of Euros
	Receivables		Payables
	Credit Facilities	Accounts Receivable	Accounts Payable
Altadis, S.A.U.	-	1,072	29,795
Altadis Canarias, S.A.	-	1,102	9,510
Imperial Tobacco Enterprise Finance Limited	1,630,593	-	-
Imperial Tobacco International Limited	-	-	19,709
Imperial Tobacco España, S.L.U.	5,072	-	-
Seita, S.A.S.	-	956	84,887
Imperial Tobacco Italia, Srl	-	90	17,034
Others	-	1,405	3,583
	1,635,665	**4,625**	**164,518**

2013

				Thousands of Euros
	Receivables		Payables	
	Credit Facilities	Accounts Receivable	Credit	Accounts Payable
Altadis, S.A.U.	253,244	1,320	-	42,314
Altadis Canarias, S.A.	-	1,572	-	6,254
Imperial Tobacco Enterprise Finance Limited	-	-	87,144	-
Imperial Tobacco Overseas Holding	-	2,264	-	12,492
Imperial Tobacco España, S.L.U.	6,920	-	-	-
Seita, S.A.S.	-	1,224	-	94,359
ITL French Branch	1,312,043	-	-	-
Imperial Tobacco Italia, Srl	-	72	-	19,343
Others	-	3,796	-	14,080
	1,572,207	**10,248**	**87,144**	**188,842**

The accounts payable and accounts receivable stem from balances payable and receivable, respectively, related to commercial transactions, mainly purchases of tobacco and related products, between Logista Group companies and Imperial Tobacco Group companies.

The credit facilities with Imperial Tobacco España, S.L.U., the head of the Imperial Tobacco tax group in Spain, to which Logista belongs, correspond to the account receivable related to the settlement of income tax.

The "Credit Facilities" and "Loans" relate to cash agreements that existed in 2014 and 2013 among Compañía de Distribución Integral Logista, S.A.U., Logista France, S.A.S. and the Imperial Tobacco Group PLC, as described in Note 10.

The transactions with related companies in 2014 and 2013 were as follows:

2014

				Thousands of Euros
	Operating Income	Finance Results	Purchases	Other Operating Expenses
Altadis, S.A.U.	8,801	1,761	396,972	-
Altadis Canarias, S.A	6,546	-	31,590	-
Tabacalera S.L. Central Overheads	4,513	-		-
Imperial Tobacco Italy, s.r.l.	933	-	53,169	-
Imperial Tobacco Polska, S.A.	3,227	-	-	-
Imperial Tobacco Manufacturing Polska, S.A.	796	-	-	-
Imperial Tobacco Enterprise Finance Limited	-	9,560	-	-
Imperial Tobacco International Limited	1,664	-	29,994	-
Imperial Tobacco Portugal SPPLC	403	-	-	-
Macotab, S.A.S.	-	-	-	383
SEITA, S.A.	7,470	-	457,127	438
Others	165	-	92	-
Total	**34,518**	**11,321**	**968,944**	**821**

2013

				Thousands of Euros
	Operating Income	Finance Results	Purchases	Other Operating Expenses
Altadis, S.A.U.	10,860	3,160	423,242	-
Altadis Canarias, S.A	6,975	-	32,995	-
Tabacalera S.L. Central Overheads	1,633	-	-	146
Imperial Tobacco Italy, s.r.l.	854	-	58,999	-
Imperial Tobacco Polska, S.A.	-	-	-	3,621
Imperial Tobacco Manufacturing Polska, S.A.	-	-	-	836
Imperial Tobacco Enterprise Finance Limited	-	(734)	-	-
Imperial Tobacco International Limited	326	-	24,140	1,959
Imperial Tobacco Portugal SPPLC	38	-	-	600
Imperial Tobacco Morocco	115	-	-	-
ITL French Branch	-	2,066	-	-
Macotab, S.A.S.	-	-	384	-
SEITA, S.A.	8,129	4	503,463	-
Total	**28,930**	**4,496**	**1,043,223**	**7,162**

Operating income and other operating expenses relate to services provided by Logista for the handling, logistics and storage of goods. In addition, statistical and market information services are occasionally provided.

The purchases are included as a result of acquiring tobacco and related products, as well as convenience products related to tobacco. Specifically, the transactions with Altadis, S.A.U., Imperial Tobacco Italia, Srl, Altadis Canarias, S.A. and Seita, S.A.S. relate to purchases of tobacco and related products from these companies to then be subsequently sold in Spain, Italy, the Canary Islands and France, respectively.

29. Remuneration of directors

Remuneration of the Parent's directors

The remuneration received in all connections in 2014 by the members of the Parent's Board of Directors from 4 June 2014 and by the members of the Board of Directors of Compañía de Distribución Integral Logista, S.A.U. in the period from 1 October 2013 to 3 June 2014 in their capacity as Board members or as members of one or other of their standing committees amounted to EUR 2,929 thousand (2013: EUR 2,414 thousand).

In addition, the employer contributions to pension plans for the executive directors in 2014 and 2013 amounted to EUR 11 thousand.

In 2014 and 2013 the Parent 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.

There are no life insurance, pension or similar obligations to the Board members as a result of the discharge of their duties as such, except for the life insurance premium obligation to the CEO amounting to EUR 4 thousand in both 2014 and 2013.

The Board's composition is nine male directors and one female.

Detail of the investments in companies engaged in similar activities and of the similar activities carried on by the directors, as independent professionals or as employees of the Parent

Pursuant to Article 229 of the Spanish Capital Companies Law, in order to reinforce the transparency of corporations, following is a detail of the companies engaged in an activity that is identical, similar or complementary to the activity that constitutes the company object of Compañía de Distribución Integral Logista Holdings, S.A., in which the members of the Board of Directors, or own or have owned equity interests in 2014, and of the functions, if any, that they discharge thereat:

Owner	Investee	Line of Businees	Ownership Interest	Functions
Ms. Alison Cooper	Imperial Tobacco Group	Tobacco manufacture	162,111 shares	C.E.O.
Mr. Luis Egido Gálvez	Imperial Tobacco Group	Tobacco manufacture	56,427 shares	-
Mr. Kenneth Hill	Imperial Tobacco Group	Tobacco manufacture	Less than 0.01%	Special Projects Manager
Mr. Conrad Tate	Imperial Tobacco Group	Tobacco manufacture	Less than 0.01%	Corporate Development Manager
Mr. Adam Britner	Imperial Tobacco Group	Tobacco manufacture	12,500 shares	Head of Business Development
Mr. Nicholas James Keveth	Imperial Tobacco Group	Tobacco manufacture	19,145 shares	Director of Finance and Planning
Mr. David Resnekov	Imperial Tobacco Group	Tobacco manufacture	Less than 0.01%	Group Financial Controller
Mr. John Matthew Downing	Imperial Tobacco Group	Tobacco manufacture	Less than 0.01%	Company Secretary

Also, pursuant to the aforementioned law, set forth below are the activities performed by the various members of the Board of Directors in 2013, which are identical, similar or complementary to the activities that constitute the company object of Compañía de Distribución Integral Logista Holdings, S.A.:

Name	Activity Performed	Type of Arrangement under which the Activity is Performed	Company through which the Activity is Performed	Position hold of Function Discharged at the Company Concerned
Mr. Gregorio Marañón y Bertrán de Lis	Tobacco manufacture	Employee	Altadis, S.A.U.	Chairman of the Board (until June 4, 2014)
Mr. Luis Egido Gálvez	Distribution	Employee	Compañía de Distribución Integral Logista, S.A.U.	Chairman of the Board
	Transport	Employee	Dronas 2002, S.L.U.	Chairman of the Board
	Distribution	Employee	Logista Italia, S.p.A.	Chairman of the Board
	Distribution	Employee	Logista Portugal (Sucursal)	Chairman of the Board
	Financial Institution	Employee	Banca ITB	Legal Representative (until September 23, 2014)
Mr. Rafael de Juan López	Distribution	Employee	Compañía de Distribución Integral Logista, S.A.U.	Chairman of the Board
	Transport	Employee	Dronas 2002, S.L.U.	Chairman of the Board
	Distribution	Employee	Logista Pharma, S.A.U.	Chairman of the Board
	Distribution	Employee	Logista Italia, S.p.A.	Chairman of the Board
	Distribution	Employee	Compañía de Distribución Integral Logista Publicaciones, S.L.U.	Chairman
Mr. David Resnekov	Tobacco manufacture	Employee	Imperial Tobacco Group	Group Financial Controller
Mr. Eduardo Zaplana Hernández-Soro	Telecommunications	Employee	Telefónica, S.A.	President's counsellor

30. Disclosures on the payment periods to suppliers. Additional Provision Three "Disclosure obligation" provided for in Law 15/2010, of 5 July

The detail of the disclosures required under Additional Provision Three of Law 15/2010, of 5 July regarding payments performed by group entities located in Spain is as follows:

Thousands of Euros	Amounts Paid and Payable at Year-End			
	2014		2013	
	Amount	%	Amount	%
Paid within the maximum payment period	2,647,484	99.68%	2,472,974	99.40%
Remainder	8,442	0.32%	15,001	0.6%
Total payments made in the year	**2,665,926**	**100%**	**2,487,975**	**100%**
Aplazamientos que a la fecha de cierre sobrepasan el plazo máximo legal	906		3,046	

The figures shown in the foregoing table relate to suppliers of goods and services for the Spanish entities under the scope of consolidation which, attending to their nature, are classified as trade creditors, and, therefore, they include the figures relating to "Accounts payables for purchases and services" and "Notes payable" under current liabilities in the balance sheet.

The weighted average period of late payment was calculated as the quotient whose numerator is the result of multiplying the payments made to suppliers past due by more than the maximum payment period by the number of days of late payment and whose denominator is the total amount of the payments made in the year outside the maximum payment period. The weighted average period of late payment has been 6 days in 2014 and 2013.

The maximum payment period applicable to the Company in 2014 under Law 3/2004, of 29 December, on combating late payment in commercial transactions, was 60 days. This Law was amended by Law 11/2013, of 26 July, which, from the date it came into force, provides for a maximum period of 30 days unless the parties have entered into an agreement for a maximum period of 60 days (2013: 60 days).

31. Environmental matters

In-force environmental legislation does not significantly affect the activities carried on by the Group and, therefore, it does not have any environmental liability, expenses, income, grants, assets, provisions or contingencies that might be material with respect to the Group's equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

32. Business combination

On 9 October 2012 (effective for accounting purposes from 1 October 2012), Compañía de Distribución Integral Logista, S.A.U. acquired all the shares of Altadis Distribution France, S.A.S. from Seita, S.A.S., an Imperial Tobacco Limited Group company. The transaction price was EUR 920,162 thousand, which were paid through the transfer of the same amount from Compañía de Distribución Integral Logista, S.A.U.'s account receivable from Altadis, S.A.U.

Altadis Distribution France, S.A.S., which changed its name to Logista France S.A.S. in 2013, is the parent of a group engaged in the provision of logistics and distribution services in France and which at the date of the business combination was composed of the following companies:

- Supergroup, S.A.S.
- Société Allumetière Française, S.A.S.
- Strator, S.A.S.
- RP Diffusion, S.A.S. (this entity has been sold in the year 2013, please refer to Note 2.7.5).

Assets acquired and liabilities assumed at the acquisition date

ASSETS	30-09-2012	EQUITY AND LIABILITIES	30-09-2012
NON-CURRENT ASSETS:		**EQUITY:**	
Property, plant and equipment	26,897	Share capital	50,600
Goodwill	761	Reserves of the Parent Company	19,287
Other intangible assets	2,345	Reserves at consolidated companies	52,991
Other non-current financial assets	1,473	Consolidated profit for the period	51,165
Deferred tax assets	9,100	Equity attributable to the shareholder of the Parent Company	174,043
Total non-current assets	**40,576**	Minority interests	(61)
		Total equity	**173,982**
		NON-CURRENT LIABILITIES:	
		Other non-current liabilities	122
		Long term provisions	7,863
CURRENT ASSETS:		Deferred tax liabilities	803
Inventories	513,664	**Total non-current liabilities**	**8,788**
Trade and other receivables	811,329		
Tax receivables	6,829		
Other current financial assets	1,299,791	**CURRENT LIABILITIES:**	
Cash and cash equivalents	128,528	Bank borrowings	4
Other current assets	4,511	Trade and other payables	374,228
Total current assets	**2,764,652**	Tax payables	2,226,045
		Short term provisions	8,243
NON-CURRENT ASSETS HELD FOR SALE	**12,291**	Other current liabilities	26,229
		Total current liabilities	**2,634,749**
TOTAL ASSETS	**2,817,519**	**TOTAL EQUITY AND LIABILITIES**	**2,817,519**

Within the context of the business combination, the fair value of the assets acquired and liabilities assumed by Compañía de Distribución Integral Logista, S.A.U. was measured, giving rise to the following purchase price allocation (in thousands of euros):

	Fair value	Net booked value	Purchase Price allocation
Distribution agreements with tobacco manufacturers	776,400	-	776,400
Lands and buildings	36,983	15,618	21,365
Deferred tax liabilities	(288,796)	(803)	(287,993)

The following assumptions were relied on in determining the fair value of the distribution agreements:

- Measurement method: MEEM (multi-period excess earnings method; based on the cash flows for 15 years, less flows provided by the tangible assets that contribute to the operating cash flows to thus leave the cash flows of the intangible assets)
- Applicable discount rate: 8.66%
- Growth in perpetuity: 0.50%
- Tax rate: 36.1%

The useful life of the distribution agreements was estimated at 15 years (average three-year life for each contract and 12 further years in subsequent renewals), in view of the residual duration of the contracts with the tobacco producers in effect as of the transaction date, past trends in renewing contracts, and Logista France's market leader status in the distribution of tobacco and related products in France. Although the tobacco business was one of open competition at the transaction date, Logista France's roots in the sector have allowed it to erect high entry barriers for possible competitors, generating a situation of long-term reliance between Logista France and the tobacco producers (between 40-50 years). That said, possible deregulation of the market by the government would throw the likelihood of such contracts being renewed into further doubt, thus reducing their expected useful life.

In the case of the properties, the value assigned was the market value attached to the properties at the time they were acquired, based on appraisals conducted by independent experts, in turn based on comparable market transactions or discounts of estimated market rents.

Goodwill arising in the business combination

The amount of goodwill arising in the business combination, following the allocation of the portion of the purchase price corresponding to the fair value of the assets acquired and liabilities assumed, was EUR 236,184 thousand (Note 7).

Impact of the business combination on the Group's profit or loss

A detail of the results contributed by the Logista France, S.A.S. and subsidiaries subgroup acquired in 2013 was as follows:

	2013
Revenue	454,3301
Procurements	(4,244,931)
Gross profit	**298,370**
Cost of logistics networks:	
Staff costs	(42,902)
Transport costs	(40,925)
Depreciation and amortisation charge	(3,929)
Other operating expenses	(34,321)
Total cost of logistics networks	(122,077)
Commercial expenses:	
Staff costs	(34,771)
Other operating expenses	(13,959)
Total commercial expenses	(48,730)
Research expenses:	(3,397)
Head office expenses:	
Staff costs	(30,089)
Depreciation and amortisation charge	(1,249)
Other operating expenses	(16,845)
Total head office expenses	(48,183)
Other results	208
Profit from operations	**76,191**
Financial result	2,050
Profit before tax	**78,241**
Income tax	(20,569)
Profit for the period from continuing operations	**57,672**
Loss for the period from discontinued operations net of tax	(422)
Profit for the period	**57,250**

33. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs 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.

Appendix I

Subsidiaries and jointly controlled entities of the Logista Group

The following companies were fully consolidated because they are companies in which the Logista Group holds a majority of the voting power or were accounted for using the equity method:

2014

			% of ownership			Thousands of Euros			
			By the Parent Company		Net Book Value	Data on the Companies			
Company	Audit firm	Location	Direct	Indirect		Assets	Liabilities	Equity	Profit/Loss
Compañía de Distribución Integral Logista, S.A.U. (a)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés (Madrid)	100	-	968,638	4,179,053	3,921,616	257,437	82,563
Compañía de Distribución Integral de Publicaciones Logista, S.L.U.	Deloitte	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	100	-	-	45,914	46,003	(89)	(1,189)
Distribérica, S.A.U. (b)	Not audited	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	100	923	758	51	707	-
Publicaciones y Libros, S.A.U. (b)	Deloitte	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	100	530	3,777	4,409	(632)	(372)
Distribuidora del Noroeste, S.L. (b)	BDO	Gandarón, 34 Interior- Vigo	49	51	410	3,063	1,916	1,147	111
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (b)	Not audited	C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)	-	80	64	942	724	218	64
Distribuidora de Publicaciones del Sur, S.L. (b)	BDO	Polígono Ind. ZAL, Ctra. de las Esclusas s/n, Parcela 2, Módulo 4 (Sevilla)	-	50	5	2,678	2,457	221	43
Promotora Vascongada de Distribuciones, S.A. (b)	Not audited	C/Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya)	-	100	-	360	640	(280)	(41)
Distribuidora de las Rías, S.A. (b)	Not audited	Polígono PO.CO.MA.CO, Parcela D-28. La Coruña	-	100	251	1,376	1,032	344	41
Distribuidora Valenciana de Ediciones, S.A. (b)	Deloitte	Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia	-	50	-	3,131	2,356	775	79
Cyberpoint, S.L.U. (g)	Not audited	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	100	76	80	7	73	(4)
Distribuidora del Este, S.A.U. (b)	BDO	Calle Saturno, 11. Alicante	-	100	369	1,435	900	535	28
S.A.U. Distribuidora de Ediciones (b)	Deloitte	C/ B, Sector B Polígono Zona Franca. Barcelona	-	100	3,513	9,291	6,987	2,304	501
La Mancha 2000, S.A.U. (b)	Not audited	Avda. Castilla La Mancha s/n. Cabanillas del Campo. Guadalajara	100	-	1,352	2,926	639	2,287	86
Midsid - Sociedade Portuguesa de Distribuiçao, S.A. (b)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	100	-	1,374	31,133	32,391	(1,258)	(2,938)
Logista-Dis, S.A.U. (c)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés (Madrid)	100	-	1,202	16,739	12,718	4,021	2,381
Logista Libros, S.L.U (i)	Deloitte	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	50	-	-	40,929	40,917	12	(1,772)
Avanza Libros, S.L.U. (i)	Not audited	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	-	50	-	256	367	(111)	(92)

			% of ownership			Thousands of Euros			
			By the Parent Company		Net Book Value	Data on the Companies			
Company	Audit firm	Location	Direct	Indirect		Assets	Liabilities	Equity	Profit/Loss
Logesta Gestión de Transporte, S.A.U. (e)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés (Madrid)	100	-	4,510	33,101	26,907	6,194	1,438
Logesta Italia, s.r.l.	Deloitte	Via in Arcione 98. Roma	-	100	100	9,490	7,711	1,780	984
Transportes Basegar, S.A.	Deloitte	C/ Chavarri, s/n, Edificio Reimasa. Sestao (Vizcaya)	-	60	185	2,795	1,863	932	163
Logesta Lusa Lda	Not audited	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100	-	32	71	(39)	(8)
Logesta Polska Sp. z.o.o.	Not audited	Flory nr 9, lok 6. kod-00-586 Warszawa--(Polonia)	49	51	133	2,050	1,065	985	560
Logesta Deutschland Gmbh	Not audited	Pilotystr 4. 80538- München-(Alemania)	-	100	100	1,284	968	316	265
Logesta France, s.a.r.l.	Not audited	25 Av. Du Bois de la Pie. Z.I. Paris Nord. 93290 Tremblay (Francia)	-	100	50	2,478	1,247	1,231	244
Dronas 2002, S.L.U. (d)	Deloitte	Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca	100	-	21,292	111,253	75,001	36,252	3,076
T2 Gran Canaria, S.A.U.	Deloitte	Urbanización El Cebadal. C/ Entrerríos, 3. Las Palmas de Gran Canaria	-	100	1,657	6,483	2,479	4,004	1,007
Logista Pharma, S.A.U. (*)	Deloitte	Polígono Industrial Nordeste. C/ Industria, 53-65. San Andreu de la Barca	-	100	937	23,282	22,345	937	(2,782)
Logilenia Distribuidora Farmacéutica, S.L.U.	Not audited	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	.	100	246	16,265	16,018	247	(26)
Logista Italia, S.p.A. (b)	Deloitte	Vía in Arciones, 98. Roma (Italia)	100	-	605,629	1,680,433	1,612,198	68,235	33,289
Terzia, S.p.A. (b)	Deloitte	Vía in Arciones, 98. Roma (Italia)	-	68	166	9,368	9,025	343	98
Logista Transportes, Transitarios e Pharma, Lda. (e)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	100	-	-	7,513	8,504	(991)	(306)
Compañía de Distribución Integral Logista Polska, Sp z.o.o. (b)	Not audited	Al. Jerozolimskie 133. Warszawa. Polonia	100	-	78	1,833	1,618	215	98
Logista France, S.A.S. (b)	Deloitte	27 avenue des Murs du Parc, 94300 Vincennes	100	-	920,161	2,908,774	2,708,989	199,785	48,812
Société Allumetière Française, S.A.S. (c)	Deloitte	2 rue Louis de Broglie, Parc de l'Esplanade77400 Saint-Thibault-des-Vignes	-	100	22,128	152,410	41,128	111,282	5,474
Supergroup, S.A.S. (c)	Deloitte	2 rue Louis de Broglie, Parc de l'Esplanade77400 Saint-Thibault-des-Vignes	-	100	7,986	79,405	68,766	10,639	(728)
Strator, S.A.S. (j)	Deloitte	Parc d'activité de la Brèche, 9 rue Olof Palme, Bâtiment Euclide, 94000 Créteil	-	100	-	4,239	16,605	(12,366)	(3,083)

(a) As indicated in Notes 1 y 2, Compañía de Distribución Integral Logista, S.A.U. is no longer the Parent Company of the Group since 4th June 2014.

(b) All these companies engage in the distribution and dissemination of publications and in the distribution of tobacco and other consumer products in Spain, Italy, France and Portugal.

(c) These companies engage in the purchase and sale of consumer products.

(d) The Dronas Group engages in integrated shipping, express shipping and pharmaceutical logistics.

(e) These companies' object is the performance of transport activities.

(f) This company engages in the provision of an integrated logistics service in the organised catering network channel.

(g) This company is specialised in software development for the management of points of sale for publications.

(h) This group engages in the distribution of marketing, promotional and advertising material to retail networks and in the distribution of other consumer products.

(i) This company has been proportionately consolidated.

(j) This company is specialised in the development and sale of software and terminals for the points of sale.

(*) In October 2013 this company's name was changed from T2 Opelog, S.A:U. to Logista Pharma, S.A.U.

2013

Company	Audit firm	Location	% of ownership By the Parent Company Direct	Indirect	Net Book Value	Thousands of Euros Data on the Companies Assets	Liabilities	Equity	Profit/Loss
Compañía de Distribución Integral de Publicaciones Logista, S.L.U.	Deloitte	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	100	-	-	45,564	48,270	(2,706)	(4,811)
Distribérica, S.A.U. (a)	Not audited	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	100	923	759	53	706	13
Publicaciones y Libros, S.A.U. (a)	Deloitte	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	100	530	4,131	4,390	(259)	(827)
Distribuidora del Noroeste, S.L. (a)	BDO	Gandarón, 34 Interior- Vigo	49	51	410	2,984	1,948	1,036	134
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (a)	Not audited	C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)	-	80	64	925	771	154	33
Distribuidora de Publicaciones del Sur, S.L. (a)	BDO	Polígono Ind. ZAL, Ctra. se las Esclusas s/n, Parcela 2, Módulo 4 (Sevilla)	-	50	5	2,823	2,645	178	203
Promotora Vascongada de Distribuciones, S.A. (a)	Not audited	C/Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya)	-	100	4	658	897	(239)	(76)
Distribuidora de las Rías, S.A. (a)	Not audited	Polígono PO.CO.MA.CO, Parcela D-28. La Coruña	-	100	251	1,366	1,062	304	39
Distribuidora Valenciana de Ediciones, S.A. (a)	Deloitte	Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia	-	50	-	3,123	2,427	696	(156)
Cyberpoint, S.L.U. (f)	Not audited	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	100	-	90	13	77	1
Distribuidora del Este, S.A.U. (a)	BDO	Calle Saturno, 11. Alicante	-	100	369	936	429	507	138
S.A.U. Distribuidora de Ediciones (a)	Deloitte	C/ B, Sector B Polígono Zona Franca. Barcelona	-	100	3,513	8,764	6,961	1,803	856
La Mancha 2000, S.A.U. (a)	Not audited	Avda. Castilla La Mancha s/n. Cabanillas del Campo. Guadalajara	100	-	1,352	2,971	653	2,318	130
Midsid - Sociedade Portuguesa de Distribuiçao, S.A. (a)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	100	-	1,679	29,556	27,877	1,679	(778)
Logista-Dis, S.A.U. (b)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	100	-	1,202	17,603	12,774	4,829	3,195
Logista Libros, S.L. (h)	Deloitte	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	50	-	892	38,559	36,775	1,784	(1,326)
Avanza Libros, S.L.U. (h)	Not audited	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	-	50	200	860	880	(20)	(3)
Logesta Gestión de Transporte, S.A.U. (d)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	100	-	4,510	35,180	29,251	5,929	1,274
Logesta Italia, s.r.l.	Deloitte	Via in Arcione 98. Roma	-	100	100	10,025	8,211	1,814	1,017
Transportes Basegar, S.A.	Deloitte	C/ Chavarri, s/n, Edificio Reimasa. Sestao (Vizcaya)	-	60	185	2,908	2,319	769	151
Logesta Noroeste, S.A.U.	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	-	100	446	693	149	544	(206)
Logesta Lusa Lda	Not audited	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100	-	32	62	(30)	(15)
Logesta Polska Sp. z.o.o.	Not audited	Flory nr 9, lok 6. kod-00-586 Warszawa--(Polonia)	49	51	133	1,218	799	419	398
Logesta Deutschland Gmbh	Not audited	Pilotystr 4. 80538- München-(Alemania)	-	100	100	1,032	981	51	47

Company	Audit firm	Location	% of ownership: By the Parent Company: Direct	Indirect	Net Book Value	Thousands of Euros: Data on the Companies: Assets	Liabilities	Equity	Profit/Loss
Logesta France, s.a.r.l.	Not audited	25 Av. Du Bois de la Pie. Z.I. Paris Nord. 93290 Tremblay (Francia)	-	100	50	1,626	639	987	344
Dronas 2002, S.L.U. (c)	Deloitte	Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca	100	-	21,292	108,962	75,787	33,176	(4,501)
T2 Gran Canaria, S.A.U.	Deloitte	Urbanización El Cebadal. C/ Entrerríos, 3. Las Palmas de Gran Canaria	-	100	1,657	6,327	2,139	4,188	1,191
T2 Opelog, S.A.U.	Deloitte	Polígono Industrial Nordeste. C/ Industria, 53-65. San Andreu de la Barca	-	100	3,369	17,665	14,295	3,370	(462)
Logilenia Distribuidora Farmacéutica, S.L.U.	Not audited	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	.	100	272	14,568	14,296	272	(98)
Logista Italia, S.p.A. (a)	Deloitte	Vía in Arciones, 98. Roma (Italia)	100	-	605,629	1,654,888	1,585,102	69,786	34,900
Terzia, S.p.A. (a)	Deloitte	Vía in Arciones, 98. Roma (Italia)	-	68	166	7,390	7,147	244	(347)
Logista Transportes, Transitarios e Pharma, Lda. (d)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	100	-	-	8,262	8,948	(686)	(736)
Compañía de Distribución Integral Logista Polska, Sp z.o.o. (a)	Not audited	Al. Jerozolimskie 133. Warszawa. Polonia	100	-	2,051	1,786	1,671	115	(404)
Logista France, S.A.S. (a)	Deloitte	27 avenue des Murs du Parc, 94300 Vincennes	100	-	920,161	2,793,980	2,643,007	150,973	42,170
Société Allumetière Française, S.A.S. (b)	Deloitte	2 rue Louis de Broglie, Parc de l'Esplanade77400 Saint-Thibault-des-Vignes	-	100	22,128	156,494	50,686	105,808	10,825
Supergroup, S.A.S. (b)	Deloitte	2 rue Louis de Broglie, Parc de l'Esplanade77400 Saint-Thibault-des-Vignes	-	100	7,986	64,415	53,048	11,367	700
Strator, S.A.S. (i)	Deloitte	Parc d'activité de la Brèche, 9 rue Olof Palme, Bâtiment Euclide, 94000 Créteil	-	85	-	5,381	14,665	(9,284)	(4,302)

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(d) These companies' object is the performance of transport activities.

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(f) This company is specialised in software development for the management of points of sale for publications.

(g) This group engages in the distribution of marketing, promotional and advertising material to retail networks and in the distribution of other consumer products.

(h) This company has been proportionately consolidated.

(i) This company is engaged in development and marketing of software, and POS.

Appendix II

Logista Group Associates

The companies detailed below were accounted for using the equity method:

2014

				% of ownership			Thousands of Euros			
				By the Parent Company		Net Book Value	Data on the Companies			
Company	Audit Firm	Location	Activity	Direct	Indirect		Assets	Liabilities	Equity	Profit/ Loss
Dima Distribución Integral, S.L. (*)	Deloitte	Polígono Industrial Los Olivos. C/ Confianza, 1. Getafe. Madrid	Distribution and dissemination of publications	-	12.56	-	21,841	39,195	(17,354)	(117)
Logesta Maroc, S.A. (**)	Not audited	87 Rue Ahmed El.Casablanca (Marruecos)	Transport	-	34	9	47	2	45	(4)

(*) Held indirectly through Compañía de Distribución Integral de Publicaciones Logista, S.L.U.
(**) Held indirectly through Logesta Gestión de Transporte, S.A.U.

2013

				% of ownership			Thousands of Euros			
				By the Parent Company		Net Book Value	Data on the Companies			
Company	Audit Firm	Location	Activity	Direct	Indirect		Assets	Liabilities	Equity	Profit/ Loss
Dima Distribución Integral, S.L. (*)	Deloitte	Polígono Industrial Los Olivos. C/ Confianza, 1. Getafe. Madrid	Distribution and dissemination of publications	-	20	-	28,791	35,690	(6,899)	(1,690)
Logesta Maroc, S.A. (**)	Not audited	87 Rue Ahmed El.Casablanca (Marruecos)	Transport	-	34	9	47	2	45	(4)

(*) Held indirectly through Compañía de Distribución Integral de Publicaciones Logista, S.L.U.
(**) Held indirectly through Logesta Gestión de Transporte, S.A.U.

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

Consolidated Directors Report for financial year ended on September 30th 2014

1. Evolution of GRUPO LOGISTA in 2014 and position of the Group

Grupo Logista closed on 30th September its first fiscal year after relisting in the Spanish Stock Markets on 14 July 2014. The main highlights of its results are:

- Net Income up by 16.8% to €102.3 million.
- Economic Sales[1] up by 2.4% to €1.036 million despite Revenues reduction to €9.507 million.
- Adjusted Operating Profit[2] up by 4.5% to €220.6 million.
- Dividend per share: €0.56.

Grupo Logista has ended a positive fiscal year in a still difficult market environment characterised by a progressive reduction on the tobacco volumes declining trend, a slightly better macroeconomic and consumption situation in Spain during the first months of the year and the benefits derived from the continuous efficiency improvement and cost control measures being implemented since the beginning of the crisis.

Higher revenues from diversification contributed to mitigate the impact that drop in tobacco consumption and substantially lower increase in cigarette retail selling prices compared to previous year had on Group Revenues.

Economic Sales increase and operating cost restraint policies contributed to Adjusted Operating Profit growth (+4.5%). Additionally, lower restructuring costs and impairments and the improvement in financial results, boosted Net Income growth (+16.8%) despite the rise in the effective corporate tax rate as a consequence of Logista France integration.

The advantages associated to Grupo Logista business model that proved its resilience under adverse macroeconomic circumstances, are confirmed again during a fiscal year in which our main markets have begun to signal a slight recovery.

Financial Overview

The evolution of the main financial figures, were as follows:

Data in million euros	Oct. 2013-Sept. 2014	Oct. 2012-Sept. 2013	% Change
Revenues	9,506.6	9,862.8	(3.6%)
Economic Sales	1,036.0	1,011.5	2.4%
Adjusted Operating Profit	220.6	211.0	4.5%
Margin over Economic Sales	*21.3%*	*20.9%*	*+40 p.p.*
Profit from operations	139.0	123.2	12.8%
Net Income	102.3	87.6	16.8%

Business review

Below are detailed the main actions for the Group during 2014 differentiating between the main geographical segments:

1. Iberia: Spain and Portugal

Revenues in Iberia reached €2,557.8 million compared to €2,608.3 million in 2013, which represents a reduction of 1.9%. However, Economic Sales were €527 million growing by 1.2% from € 520.7 million in the previous year.

The drop in "Revenues in Tobacco and related products" and in "Other and adjustments" was partially compensated thanks to the important progress registered by Other Businesses which grew 29.3% (mainly from the direct distribution to pharmacies activity).

Revenues from Tobacco and related products were essentially impacted by the tobacco consumption drop in Spain and Portugal and by the fact that the cigarette retail selling price increases were substantially lower than the previous year.

It is worth mentioning that, for the first time since 2010, cigarette volumes distributed in Spain registered a year-on-year drop below double digit, being -3.8% vs. -12% in the previous year.

The reduction on this declining trend may be supported by various factors:

- slight recovery in unemployment and consumption
- lower increase of retail selling prices (+5 cents per pack compared to +25 cents per pack in 2013)
- the partial shift from RYO consumption as a consequence of the reduction in price differential between both categories resulting from a higher excise taxation over RYO that caused a decline in RYO volumes for the first time in recent years (-12.3% vs. 11.3%).

The illicit products and contraband volumes during the year continued representing a significant portion of tobacco consumption in Spain despite a small reduction (around 11% compared to 12%).

The sale of other products in the tobacconist channel was affected by the RYO consumption drop (directly linked to the sales of papers, tubes and filters) in spite of sales growth in other products.

Economic sales in this activity grew by 3.5% up to €283.2 million due to the increase gross profit per unit derived from a higher distribution complexity and the invoice of other value added services as well as sales of other products through the tobacconist channel. Additionally, at the beginning of the year most of the litigation regarding Excise Duty assessments from 2004 to 2006 was settled with positive resolutions in respect to 2006, so the associated provisions were released.

Revenues in Transport were almost stable compared to previous year reaching €316.3 milion after several years of contraction. The general activity recovery in Spain contributed to this change in trend, especially meaningful in the courier segment.

Economic Sales recorded a positive performance to €207.7 million (+3.5%)

The rise in flows from high margin products as pharmaceutical and electronic combined with an adequate management of subcontracting transport costs mitigated the impact of tobacco volumes decline in the international transport activity.

Regarding parcel and courier activities, there was a progressive improvement in the number of shipments and volumes during the year, but the pressure on tariffs was similar to previous years.

Revenues in Other Businesses recorded a very positive performance, growing by 29.3% up to €109.7 million.

The sales in Pharma continued showing an important development mainly derived from the growth registered in the direct distribution to pharmacies activity and, to a lesser extent in the pre-wholesaling distribution.

The pharmaceutical sector in Spain has experienced a certain recovery during the year (data from Farmaindustria):

- The drop in the pharmaceutical expenditure in prescriptions from the National Health System was slowed down (+3% y-o-y july 2014/July 2013 vs. -6% y-o-y December 2013/December 2012).
- The pharmaceutical public expenditure in hospitals was up by 2.5% during calendar year 2013.
- The private expenditure, particularly in OTC and healthcare, grew by 11% in the first seven months of 2014.
- The percentage of direct distribution from laboratories to pharmacies continued growing, reaching 18%.

Pharma continued advancing in its strategy to increase the average sale by pharmacy with especial focus on the biggest pharmacies (those with annual sales above €600,000) having increased substantially the number of clients among these pharmacies as well as their average purchase.

Economic sales in Pharma grew compared to the previous year at a lower rate than the Revenues due to the relative weight increase of the direct distribution to pharmacies activity with respect to the pre-wholesaling segment as, in the latter, the Economic Sales are the Revenues from logistics services.

Both Revenues and Economic sales in Books in Spain have risen after the addition of new business lines (distance and internet sales distribution) despite the fact that the sales in the sector have continued to fall in line with previous year.

Revenues in Others and adjustments declined due to the divestments undertaken in 2013 and the adaptation of the distribution contract of ONCE games to the difficult market environment.

As a result of the new contract signed in December 2013, Logista provides logistics services and administrative management of the point of sales, ceasing the Logista-GTECH joint venture the commercialisation of products, which ensures breakeven as a minimum. In this new context, the revenues from the distribution of ONCE lottery games were significantly reduced.

Revenues in publications distribution declined reflecting the general trend in the sector and the divestement of the Portuguese activities, despite the addition of new contract during 2014.

Adjusted operating profit was €109.1 million, up by 14.8% compared to previous year.

This growth was due, to certain extent, to the evolution in 2013 and 2014 of the irregular results (variation of inventories' valuation, following tobacco retail selling prices or taxation changes) and to the release of provisions associated to litigation.

Not taking into consideration these effects, the regular activity has shown a positive performance thanks to the constant cost savings and efficiency improvement measures and the recovery experienced by the transport activity.

Profit from operations reached €91.8 million compared to €76.5 million in 2013, up by 20%, after lower non-recurring effects (especially impairments of assets and goodwill) were recorded during the year.

During 2014 an impairment of the Lottery assets was accounted for and now these assets are completely provisioned in line with the new scope of the contract with ONCE.

2. Italy

This has been the first complete year after the new operating model was implemented in 2013. During the transition process, the level of service to our clients was kept and was considered by them a success.

The new operating model involved the transformation of the old network of local warehouses (540 at the time of acquisition) into 175 local service points, consolidating picking activities in 6 central/regional warehouses which allows a more flexible management of inventories and operations and improving, at the same time, the level of service. In the same way, the commercial coverage in the wholesale activity of other products was reinforced by the presence in all the stores and/or cash & carries located in the local service points not only of tobacco but also of other products portfolio.

Revenues in Italy reached €2,529.8 million compared to €2,749.3 million in 2013, down by 8%.

Although tobacco consumption in the Italian market was practically equal to the previous year, the effect of lower cigarette retail selling prices resulted in a revenues figure below previous year.

Cigarette distributed volumes in Italy showed a slightly negative trend well below 2013 (-0.4% vs. -6.1%) with declines in cigarette retail selling prices per pack after the repositioning of certain brands to the low-price segment.

As opposed to what happened in the Spanish and French markets, the RYO category registered a positive performance (+3.4% vs. -1.2% in 2013).

The sales of other related products to the tobacconist channel were supported by the implementation of the new operating model and the boost of other commercialisation channels as point of sales terminal, website, call centre, etc. All these factors contributed to a significant growth in revenues from other products with respect to 2013.

Despite the fall experienced by Revenues, Economic sales in Italy grew by 9.4%, reaching €210.4 million compared to €192.2 million in 2013. During the previous year, Economic Sales were affected by a provision amounting €8.4 million as a consequence of a rise in VAT not followed by a rise in retail selling prices by tobacco manufacturers.

The distribution fees and the additional services invoiced mitigated the impact of the slight decline in tobacco volumes, significantly lower that previous year. Additionally, the growth in sales of other products to the tobacconist channel and the higher margin of Economic sales over Revenues contributed to Economic sales growth in the Italian segment.

Adjusted operating profit was up by 18.2% to €44.9 million from €37.9 million the year before, as a result of lower irregular results from variations in retail selling prices and taxes. Profit from operations performed in a similar way and, after lower restructuring costs, reached €43.8 million increasing by 19.8%.

3. France

Revenues were €4,454.5 million down 2% from €4,543.3 in 2013 while Economic Sales experienced a slight decline (-0.5%) reaching €296.9 million from €298.4 million in 2013.

The positive evolution of Other businesses Revenues, which grew 22.8%, did not fully offset the decline in Tobacco and related products Revenues (-3.1% compared to 2013).

As in the Iberian segment, the revenues in Tobacco and related products were mainly affected by the tobacco consumption decline and by retail selling price increases not compensating the volumes reduction and well below those of previous year.

Distributed cigarette volumes in France followed a lower negative trend than in 2013 (-4.6% vs. -9%) despite the fact that the retail selling price increases per pack, as mentioned before, were lower than in the previous year (+20 cents compared to +60 cents in 2013).

The RYO category registered as well a negative performance (-2.6% vs. +2.2% in 2013) as a consequence of the reduction in the price differential with cigarettes.

These drops were a consequence of several factors, among others:

- lower macroeconomic growth and unemployment rate increasing
- reduction on RYO consumption due to a lower price differential to cigarettes
- increase in cross border sales (that has derived in a downward review of the authorized quantities to be transported from other countries)
- a considerable increase of illicit products and contraband volumes during the year, reaching 25% of consumption (according to a report by KPMG)

The sales of other products to the tobacconist channel were mainly affected by the decline in electronic transactions that kept a similar decline trend as the mobile top-ups market shrank following the launch of aggressive offers from some telephony operators in the last years. However, the growth in other electronic transaction products mitigated the effect of this decline.

Economic sales were down by 2.7% reaching €246.4 million due to tobacco consumption fall, partially offset by higher gross profit per unit derived from the increase in distribution complexity and by invoiced value added services to manufacturers and other products sales.

Revenues in Other Businesses (wholesale distribution of convenience products in non-tobacconist channels) reached €240.8 million, showing an important rise (+22.8%) from the previous year as a result of the strong market share gain of the group in this sector.

After the bankruptcy of one of our competitors at the beginning of the fiscal year, the group added new clients in the different channels in which we operate. The commercial effort undertaken allowed to reinforce our leading position in the food distribution at ambient temperature to the petrol station channel and to continue growing in the distribution to vending machine operators.

Economic sales showed a positive performance too (+11.1%) reaching €57.6 million. The lower growth rate than in Revenues was due to the addition of a high percentage of customers that, given their typology, provide a lower margin of Economic sales over Revenues and to the relative weight increase of drinks in the mix of distributed products due to the growth in distribution to vending machine operators.

Adjusted Operating profit in France was €78.4 million vs. €90.9m in the previous year, down by a 13.7%. This decline was mainly driven by the lower cigarette retail selling price increases and the growth in cost related to the addition of new clients in Other Businesses.

Operating Profit increased to €23.8 million, up by 0.3%, as a result of the lower restructuring costs.

During the fiscal year, a regional warehouse placed in Nancy was closed to adapt the structure to the volume decreases in the French market.

It is worth highlighting that the most important adjustment in this segment is the Intangible Assets Amortization related to the Logista France's acquisition at the beginning of the fiscal year 2013, reaching €52.2 million per year for a period of 15 years.

4. Corporate and others

Regarding to the Adjusted Operating Profit, the expenses related to this segment reduced by 8.6% to €11.7 million, showing the constant cost control measures and adaptation of the corporate structure with the activity evolution carried out during the last years.

Financial result evolution

Financial results reached €14.7 million vs. -€4.2 million in the fiscal year 2013, driven by the financial income increase as well as by the lower financial expenses.

Financial income increased to €21.8 million vs. €7.4 million in the previous year, as a result of several factors: the higher remuneration of the group's cash, the lower average cash position (the average cash position was € 1,126 million in 2014 and €1,243 million in the previous year) and the release of provisions for delayed interests payments related to the pending litigation regarding the Excise Tax settlement, which was solved with favorable judgments in the first semester of this fiscal year.

The cash remuneration in the fiscal year 2013 was related to the EONIA interest rate plus a differential of 12.5 basis points in the case of France, while in the case of Spain and Italy it was related to the reference rate of the European Central Bank plus 75 basis points. In the fiscal year 2014, this cash remuneration was related for the entire Group to the reference rate of the European Central Bank plus 75 basis points.

Financial expenses reduced from €11.6 million in 2013 to €7.1 million in 2014, mainly driven by the reduction of the provision for possible delayed interests payments related to pending litigation.

Net income evolution

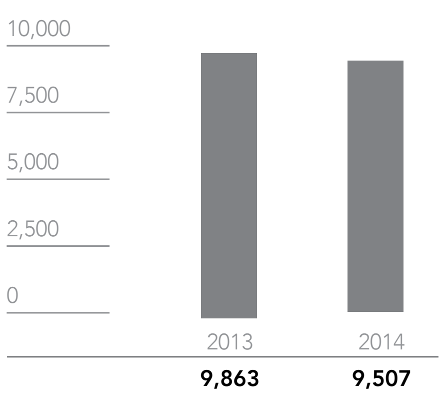
Earnings before Taxes increased to €153.6 million, up 29.2%, while the Net Income increased by 16.8% mainly as a result of the higher consolidated effective tax rate, which reached 35.2% from 25.5% in the previous year.

The effective rate of the period was in line with what we can be considered a normalized effective rate for the group because the consolidated effective rate for the fiscal year 2013 was abnormally low as it was positively affected by the benefits obtained by Logista France from its previous fiscal group, before the acquisition by Grupo Logista.

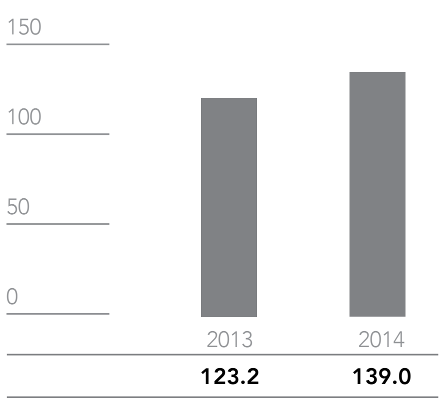
Basic earnings per Share reached €1.4 (€0.77 if calculated over existing shares on September 30th 2014).

Against the indicators for the year 2013 (October 2012 - September 2013) - The evolution recorded by the main indicators for the year 2014 (October 2013 - September 2014) is shown below:

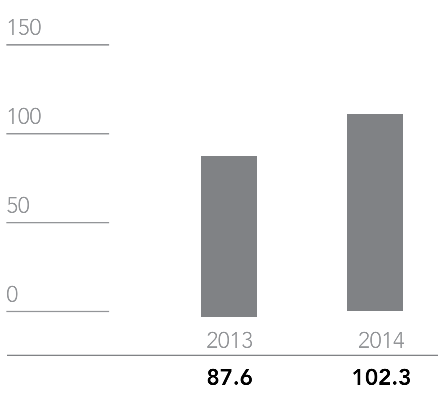
REVENUE (mill €)



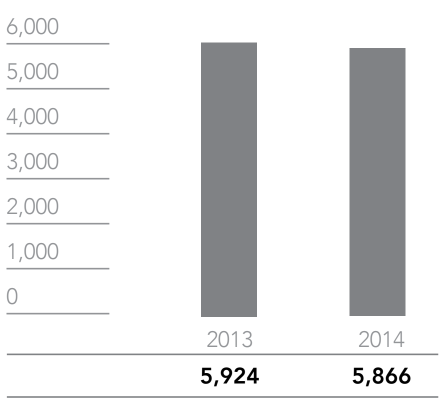
PROFIT FROM OPERATIONS (mill €)



NET INCOME (mill €)



AVERAGE HEADCOUNT



Cash flow

The total flow from operating activities reduced from €217 million to €181 million, mainly due to the payment of €54 million due to Court settlements that were already provisioned by the Company. This impact was partially offset by a higher Result before taxes from continuing activities, an improvement of working capital variation and a higher financial income obtained as a result of the higher interest rate of the group's cash during the fiscal year 2014.

Additionally, dividend payments increased from €74 million to €119 million.

Dividend policy

The Grupo Logista's Board of Directors intends to propose to the General Shareholders Meeting the distribution of a dividend of €74 million for fiscal year 2014 (€0.56 per share).

Risk Exposure

The main risks and uncertainties facing the Group relate 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, and counterparty risks.

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.

The Group complies with all the requirements and has all the licences and permits, etc. required 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. In this management report 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.

The Group's main financial assets are cash and cash equivalents, trade and other receivables and investments. These items represent the Group's maximum exposure to credit risk.

The Logista Group currently has the following units and committees which ensure the effectiveness of the risk controls in place:

- Security Committee: Its role is to prevent risks and threats of an antisocial nature and to protect the assets and employees of Logista or any of its undertakings against such risks and threats.
- Environment and Quality Committee: This committee establishes the action policy for the various business units of the Logista Group in all matters relating to its commitment to the environment and quality, and fosters the implementation of and adherence to these action principles by issuing internal corporate regulations.
- Internal Control and Crime Risk Prevention Committee: Reporting to the Directors Board's Audit and Control Committee , its objectives are i) ensure the continuous development and execution of the Internal Control System of the Group, in all the countries and businesses, and ii) safeguard the effective prevention of criminal risks in the Logista Group's companies in Spain.
- Administration and Internal Control Department - Insurance Area: the Administration Department is responsible for analysing the accidental risks which may affect both the Logista Group's assets and the performance of its business activities and, in the light of these risks, it arranges the external insurance coverage it deems necessary. It is also responsible for protecting the Group's assets and ensuring the reliability of financial reporting.
- Cash Department – Financial Risk and Credit Area: Its functions are to limit and control any financial risks arising from commercial relationships with third parties, establishing, where necessary, the related credit limits, and to set a doubtful debt provisioning policy.
- Internal Audit Department: the Company's Internal Audit Department is responsible for providing support to the Directors Board's Audit and Control Committee and the Group's Internal Control Committee in complying with its duties and responsibilities, furnishing it with objective analyses, assessments and recommendations in accordance with the established work plan. Specifically, the main activities to be performed are as follows:
  - Participate in the monitoring of the external auditors' work, including the planning, quality, independence and terms of business thereof.
  - Assist in the review of the Group's financial information, particularly in unaudited periods.
  - Guarantee appropriate system for the evaluation of the internal control and information systems, identifying the possible improvements therein and promoting their implementation.
  - Identify risks and assess the associated controls, mainly by carrying out the annual audit plan.
  - Provide technical support to Group management on financial and accounting matters as and when required.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the consolidated balance sheet are net of allowances for doubtful debts, estimated by Group management based on prior experience and its assessment of the current economic environment. The Group's credit risk is not particularly high since its customer portfolio is very fragmented and distributed among a large number of counterparties. The Group's main customers are kiosk owners and tobacconists.

The management of the risks to which the Logista Group is exposed in the course of its business activities constitutes one of the basic pillars of the action taken by it with the aim of preserving the value of the Group's assets and, as a result, the value of the Sole-Shareholder's investment. Through the Group's global risk management approach, the risk management system is structured and defined to achieve the strategic and operating objectives. This system for controlling risks is managed and supervised by the Audit Committee and the Board of Directors, which delegates these functions to Internal Audit and Internal Control.

The Group's Financial Department has the basic objective of preserving the value of the Group's assets in all its business units and in all the countries in which it operates (mainly Spain, Italy, France, Portugal and Poland) by analysing and preventing risks and optimising the management of the main losses.

Default rates in all the geographical areas in which the Group operates have historically remained at very low levels.

In relation to liquidity risk, the Group holds sufficient cash and cash equivalents to meet the payment obligations arising from its ordinary operations. Also, if it needs ad-hoc financing, the Group has credit lines available to it.

In relation to exposure to interest rate risk, in view of the Group's low level of financial debt, the Parent's management considers that the impact that a potential rise in interest rates could have on the accompanying consolidated financial statements would not be significant.

Additionally, the level of exposure of the Group's equity and consolidated income statement to the effects of future changes in prevailing exchange rates is not significant since the Group's volume of transactions in currencies other than the euro is not material.

Environment

Grupo Logista remains committed to the continuously improving the environmental sustainability of its activity and continues working on the projects defined in its Environmental Corporate Strategic Plan for 2014-2016. The Environmental Corporate Strategic Plan include different projects, such as Environmental Balanced Scorecard, energy efficiency management, calculation and verification of carbon footprint, industrial and environmental legislation database, environmental awareness tool, etc.

During the fiscal year 2014, Grupo Logista has implemented a system for analyzing and calculating the greenhouse effect gas emission for every activity. This system is based on the internationally reputed GHG Protocol methodology and on the UNE-EN-16258:2012 standard, which allows the calculation of greenhouse effect gas emissions in the freight transport services. These calculation and amount of greenhouse effect gas emission have been externally verified according to ISO 14064 standard.

This project adds to others also developed during the year, as the implementation of an integrated system for the use, return and reuse of the cardboard boxes used in deliveries to some 13,000 tobacconists existing in Spain. With this project, Logista has extended the model already in France and has achieved an approximately 80% reduction in the use of cardboard boxes, eliminating the use of 2.8 million of boxes and some 1,445tn of cardboard.

In this year, Grupo Logista has set its commitment to the continuous improvement in the environmental sustainability of its activity by approving the Corporate Policy for Quality, Environment and Energy efficiency.

2. 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.

3. Outlook

For next fiscal year, the Group expects to maintain its leadership position in the distribution to extensive points of sale networks in Southern Europe.

Considering the recent evolution of the tobacco volumes, we expect that this decreasing trend is maintained at a similar level, not expecting significant variations in taxation in any of our main geographies.

The commercial efforts will be focused on increasing the sales of other products different to tobacco in the tobacconist channel, as well as in other channels (petrol stations, newsstands, press-shops, convenience shops, etc) in our three geographical segments. Also, a progressive improvement in the macroeconomic conditions could imply acceleration in the growth rate of these products' sales.

Particularly in the Iberia segment, the first signs of economic recovery in Spain during the first months of 2014 could allow us to expect a good performance in our transport activity due to its high correlation with the macroeconomic situation.

Also, we will continue working to increase our market share in the direct distribution to pharmacies. The main actions will focus on extending the product portfolio offered to the pharmacies through new agreements with laboratories and manufacturers, as well as on increasing the loyalty level of the pharmacies with highest sales, generally related to OTC and healthcare products.

Regarding the cost structure, we will continue with the programs to improve the efficiency and to obtain synergies derived from the integration of different businesses, and we will also continue working on the cost reduction to adapt them with the activity level taking advantage from the "vertical distributor" model of Logista in which stock management is concentrated at the central/regional warehouses, providing capillarity through the network of service points. The goal is to continue reaching improvements in the adjusted operating profit over economic sales.

The measures mentioned above and the expected restructuring cost reduction and impairments allow us to expect again an increase of the Net Income in the fiscal year 2015 and consequently, an increase of the dividend, which will be 90% of the Net Income, except in exceptional situations.

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

[2]Adjusted Operating Profit 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 fiscal years 2014 and 2013 is shown (data in million Euros):

	2014	2013
Profit from operations	**139**	**123**
Restructuring costs	10	20
Amortisation of intangible assets-Logista France acquisition	52	52
Net loss non disposal and impairment of non-current assets	*16*	*14*
Share of results of companies and others	4	1
Adjusted operating profit	**221**	**211**

4. Research and development activities

The Group invested €5.4 million in development activities in 2014. These investments were made mainly to adapt new businesses, automate processes and develop own software.

5. Treasury shares

At 30 September 2104, the Group did not have any treasury shares.

6. Use of financial instruments

No Group company uses financial instruments that might affect the correct measurement of the assets and liabilities recognised in the consolidated balance sheet.

7. Corporate Governance Annual Report

Included below as a Consolidated Directors Report separate section.

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