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

Interim Condensed Consolidated Financial Statements for the six-month period ended 31 March 2018, together with Report on Limited Review

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

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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Compañía de Distribución Integral Logista Holdings, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the balance sheet as at 31 March 2018, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes, all condensed and consolidated, for the six-month period then ended. The Parent's directors are responsible for the preparation of the interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 31 March 2018 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim financial statements.

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Emphasis of matter paragraph

We draw attention to Note 1 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 30 September 2017. This matter does not affect our conclusion.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended as at 31 March 2018 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the interim condensed consolidated financial statements, as well as the required information pursuant to Article 12 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim condensed consolidated financial statements for the six-month period ended as at 31 March 2018. Our work as auditors was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries.

Paragraph on other matters

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

DELOITTE, S.L.

José Luis Aller

27 April 2018

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Raúl Llorente Adrián

27 April 2018

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

Interim Condensed Consolidated Financial Statements for the period ended 31 March 2018 and Interim Directors' Report

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

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, SA AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2018 AND 30 SEPTEMBER 2017

(Thousands of Euros)

ASSETS	Note	31-03-2018	30-09-2017
NON-CURRENT ASSETS:			
Property, plant and equipment	5	187,640	187,620
Investment property		18,137	18,374
Goodwill	4	920,80	925,679
Other intangible assets	4	528,245	547,846
Investments in associates		2,367	1,584
Other non-current financial assets	6	4,402	4,521
Deferred tax assets		19,024	19,944
Total non-current assets		1,680,615	1,705,568
CURRENT ASSETS:			
Inventories		1,121,468	1,122,622
Trade and other receivables		1,835,667	1,747,338
Tax receivables		57,862	36,759
Other current financial assets	6	1,964,837	1,821,726
Cash and cash equivalents		250,313	101,808
Other current assets		14,476	6,914
Total current assets		5,244,623	4,837,167
NON-CURRENT ASSETS HELD FOR SALE		13	13
TOTAL ASSETS		6,925,251	6,542,748

EQUITY AND LIABILITIES	Note	31-03-2018	30-09-2017
EQUITY:			
Share capital	8	26,550	26,550
Share premium		867,808	867,808
Reserves of the Parent		24,279	16,706
Reorganisation reserves		(753,349)	(753,349)
Reserves at consolidated companies		221,136	216,374
Translation differences		76	90
Reserve for first-time application of IFRSs		19,950	19,950
Consolidated profit for the period		71,128	153,862
Interim dividend		-	(39,708)
Treasury shares	8	(8,348)	(7,716)
Equity attributable to shareholders of the Parent		469,230	500,567
Minority interests		1,829	1,866
Total equity		471,059	502,433
NON-CURRENT LIABILITIES:			
Other non-current financial liabilities	7	4,432	4,880
Long-term provisions	9	34,895	36,886
Deferred tax liabilities		285,646	298,968
Total non-current liabilities		324,973	340,534
CURRENT LIABILITIES:			
Other current financial liabilities	7	34,467	34,371
Trade and other payables		992,022	1,023,707
Tax payables		5,033,097	4,564,404
Short-term provisions	9	12,245	13,728
Other current liabilities		57,388	63,571
Total current liabilities		6,129,219	5,699,781
TOTAL EQUITY AND LIABILITIES		6,925,251	6,542,748

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated balance sheet at 31 March 2018

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS S.A.
GRUPO LOGISTA
SECRETARÍA GENERAL Y DEL CONSEJO

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

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2018 AND 2017

(Thousands of Euros)

	Note	31-03-2018	31-03-2017
Revenue	12	4,466,451	4,526,982
Procurements		(3,921,201)	(4,015,071)
Gross profit		**545,250**	**511,911**
Cost of logistics networks:			
Staff costs		(86,301)	(93,748)
Transport costs		(119,134)	(107,164)
Provincial sales office expenses		(37,702)	(35,132)
Depreciation and amortisation charge		(42,227)	(42,499)
Other operating expenses		(99,092)	(90,199)
Total cost of logistics networks		(384,456)	(368,742)
Commercial expenses:			
Staff costs		(22,455)	(22,334)
Other operating expenses		(11,869)	(11,440)
Total commercial expenses		(34,324)	(33,774)
Research expenses:		(1,024)	(1,086)
Head office expenses:			
Staff costs		(29,166)	(28,252)
Depreciation and amortisation charge		(823)	(665)
Other operating expenses		(9,275)	(10,675)
Total head office expenses		(39,264)	(39,592)
Share of results of companies		782	774
Net loss on disposal and impairment of non-current assets		38	57
Other results		6	(24)
Profit from operations		**87,009**	**69,524**
Finance income		6,132	23,978
Finance costs		(815)	(707)
Profit before tax	12	**92,326**	**92,795**
Income tax	14	(21,235)	(16,236)
Profit for the period from continuing operations		**71,091**	**76,559**
Loss for the period from discontinued operations net of tax		-	(42)
Profit for the period		**71,091**	**76,517**
Attributable to-			
Shareholders of the Parent Company		71,128	76,590
Minority interests		(37)	(73)
Basic earnings per share	3	**0.55**	**0.58**

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated income statement for the six months periods ended as 31 March 2018.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS S.A.
GRUPO LOGISTA
SECRETARÍA GENERAL Y DEL CONSEJO

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2018 AND 2017

(Thousands of Euros)

	31-03-2018	31-03-2017
Profit for the year	**71,091**	**76,517**
Net gain (loss) on available for sale assets recognised in equity		-
Net gain (loss) on cash flow hedging instruments recognised in equity		-
Net actuarial gain (loss) recognised directly in equity		-
Foreign exchange rate changes	(14)	8
Net gain (loss) on taxes recognised directly in equity		-
Total other comprehensive income	**(14)**	**8**
Total comprehensive income fot the year	**71,077**	**76,525**
Attributable to-		
Shareholders of the Parent Company	71,114	76,598
Minority interests	(37)	(73)
Total atributable	**71,077**	**76,525**

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated statement of comprehensive income for the six months periods ended 31 March 2018.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS S.A.
GRUPO LOGISTA
SECRETARÍA GENERAL Y DEL CONSEJO

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2018 AND 2017

(Thousands of Euros)

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Valuation Adjustments	Consolidated Profit for the Period	Interim Dividend	Treasury Shares	Equity attributable to the Shareholder of the Parent	Minority Interests	Total Equity
Balance at 30 September 2016	26,550	867,808	10,628	(753,349)	223,914	107	19,960	132,079	(33,119)	(5,032)	489,736	2,132	491,868
Net profit for the period attributable to the Parent	-	-	-	-	-	8	-	76,590	-	-	76,598	-	76,598
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	(73)	(73)
Income and expenses recognised in the period	-	-	-	-	-	8	-	76,590			76,598	(73)	76,525
I. Transactions with Shareholders:													
Distribution of profit:													
To reserves	-	-	3,671	-	9,272	-	-	(12,943)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(119,136)	33,119	-	(86,017)	-	(86,017)
On treasury shares operations :	-	-	-	-	-	-	-	-	-	(3,160)	(3,160)	-	(3,160)
II. Other changes	-	-	1,239	-	(18,362)	-	-	-	-	-	(17,123)	(5)	(17,128)
Balance at 31 March 2017	26,550	867,808	15,738	(753,349)	214,824	115	19,960	76,590	-	(8,192)	460,034	2,054	462,088

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Valuation Adjustments	Consolidated Profit for the Period	Interim Dividend	Treasury Shares	Equity attributable to the Shareholder of the Parent	Minority Interests	Total Equity
Balance at 30 September 2017	26,550	867,808	16,706	(753,349)	218,374	90	19,950	153,862	(39,708)	(7,716)	500,567	1,866	502,433
Net profit for the period attributable to the Parent	-	-	-	-	-	(14)	-	71,128	-	-	71,114	-	71,114
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	(37)	(37)
Income and expenses recognised in the period	-	-	-	-	-	(14)	-	71,128	-	-	71,114	(37)	71,077
I. Transactions with Shareholders:													
Distribution of profit:													
To reserves	-	-	10,142	-	4,762	-	-	(14,904)	-	-	-	-	-
Dividends (Note 3)	-	-	-	-	-	-	-	(138,958)	39,708	-	(99,250)	-	(99,250)
On treasury shares operations (Note 8b):	-	-	(4,092)	-	-	-	-	-	-	(632)	(4,724)	-	(4,724)
II. Other changes	-	-	1,523	-	-	-	-	-	-	-	1,523	-	1,523
Balance at 31 March 2018	26,550	867,808	24,279	(753,349)	221,138	76	19,950	71,128	-	(8,348)	469,230	1,829	471,069

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated statement of changes in equity for the six months periods ended 31 March 2018.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2018 AND 2017

(Thousands of Euros)

	Note	31-03-2018	31-03-2017
1. OPERATING ACTIVITIES:			
Consolidated profit before tax from continuing operations		92,326	92,795
Adjustments for-			
Profit of companies accounted for using the equity method		(782)	(774)
Depreciation and amortisation charge		43,105	43,201
Period provisions		1,697	8,681
Proceeds from disposal of non-current assets		(41)	(57)
Financial profit		(5,317)	(23,271)
Other results		1,473	1,256
Adjusted profit		132,461	121,831
Net change in assets / liabilities-			
(Increase)/Decrease in inventories		1,055	39,299
(Increase)/Decrease in trade and other receivables		(91,095)	143,536
(Increase)/Decrease in other non current assets		(4,973)	(38,536)
Increase/(Decrease) in trade payables		(31,686)	34,410
Increase/(Decrease) in other current liabilities		422,336	(286,825)
Increase/(Decrease) in other non-current liabilities		(974)	(14,270)
Income tax paid		(21,880)	(45,374)
Finance income and costs		5,317	4,909
Total net cash flows from operating activities (I)		410,561	(41,020)
2. INVESTING ACTIVITIES:			
Net investment in property, plant and equipment		(12,362)	(10,829)
Net investment in intangible assets		(3,652)	(8,899)
Variation of other current and non-current financial assets		(143,897)	234,998
Disposals of non-current held for sale assets		-	22,640
Total net cash flows from investing activities (II)		(159,911)	237,910
3. FINANCING ACTIVITIES:			
Dividends paid (-)	3	(99,250)	(86,017)
Other equity instruments		(3,366)	(3,160)
Changes in current borrowings		471	(229)
Total net cash flows from financing activities (III)		(102,145)	(89,406)
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		148,505	107,484
Cash and cash equivalents at beginning of year		101,808	23,625
Net change in cash and cash equivalents during the year		148,505	107,484
Total cash and cash equivalents at end of year		250,313	131,109

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated cash flow statement for the six months periods ended 31 March 2018.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS S.A. GRUPO LOGISTA SECRETARÍA GENERAL Y DEL CONSEJO

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

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

Notes to the Interim Condensed Consolidated Financial Statements for the period of six months ended 31 March 2018

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

a) Introduction

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

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

Compañía de Distribución Integral Logista Holdings, S.A. is the head of a group of domestic and foreign subsidiaries that engage in various business activities and which compose, together with it, the Logista Group ("the Group").

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

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

The consolidated financial statements of Logista Group for 2017 were formally approved by the General Shareholders' Meeting on 21 March 2018.

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

The accompanying interim condensed consolidated financial statements are presented in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting, and have been prepared by the Parent Company's Board of Directors on 24 April 2018 in conformity with Article 12 of the Spanish "Real Decreto 1362/2007".

In accordance with the statements of IAS 34 the interim financial information is prepared with the single purpose of updating the content of the latest consolidated financial statements issued by the Group, with an emphasis on the new activities, events and circumstances taken place during the semester and not duplicating the information previously provided in the consolidated financial statements for the year 2017. Therefore, for an accurate comprehension of the information included in the accompanying interim condensed consolidated financial statements, these should be read along with the Group's consolidated financial statements for the year 2017.

The accounting policies and methods used in the preparation of the accompanying interim condensed consolidated financial statements are the same as the ones used in the preparation of the consolidated financial statements for the year 2017, and additionally the standards and interpretations which have an obligatory application for the Group since 1 October 2017 have been also considered. In this regards, the main applicable standards are as follows:

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS S.A. GRUPO LOGISTA SECRETARÍA GENERAL Y DEL CONSEJO

Standards and modifications thereof	Contents	Obligatory Application in Annual Reporting Periods Beginning On or After
Amendment to IAS 12 Recognition of deferred asset taxes for unrealized losses	It makes reference to the deferred taxes of assets with fair value less than the cost	1 January 2017
Amendment to IAS 7 Initiative of disclosures	Reconciliation of changes in liabilities in the balance sheet with flows from financing activities	1 January 2017
Improvement to IFRS Cycle 2014-2016, IFRS 12	Disclosure of interest in other entities.	1 January 2017

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

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

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. GRUPO LOGISTA SECRETARÍA GENERAL Y DEL CONSEJO

Standards and modifications thereof	Contents	Obligatory Application in Annual Reporting Periods Beginning On or After
IFRS 9 Financial Instruments. Classification, valuation and hedge accounting	In replaces the requirement for classification, valuation, recognition and derecognition of financial assets and liabilities, hedge accounting and impairment of IAS 39	1 January 2018
IFRS 15 – Revenue from Contracts with Customers	New income recognition standard (replaced IAS 18, IFRIC 15, IFRIC 18 and SIC-31)	1 January 2018
Improvement to IFRS Cycle 2014-2016	Minor amendments to a number of standards.	1 January 2018
IFRS 16 Leases	It replaces IAS 17 and its interpretations. The central novelty lies in a single accounting model for lessees, which will include all leases in the balance sheet (with some limited exceptions) with an impact similar to that of current financial leases (there will be amortization of the asset for the right of use and a financial cost for the amortized cost of the liability)	1 January 2019
Amendment to IFRS 2: Classification and valuation of share-based payments	Limited modifications that clarify specific issues such as the effects of accrual conditions on share-based payments to be settled in cash, the classification of share-based payments when it has net settlement clauses and some aspects of changes in the type of share-based payments	1 January 2018
Amendment to IFRS 40 reclassification of investment properties	The amendment clarifies that a reclassification from/to investment properties is only permitted when evidence of change in its use exist	1 January 2018
Amendment to IFRS 9 Features of early cancellation with negative compensation	It allows the valuation at amortized cost of some financial instruments with characteristics of advance payment, allowing the payment of an amount lower than the unpaid amounts of principal and interest	1 January 2019

In relation to the standards with effect from 1 January 2018, the Group does not expect a significant equity impact.

For those standards that come into force in 1 January 2019, the Group is in the process of evaluating the impact of their application.

In addition, at the date of preparation of these interim condensed consolidated financial statements, the following standards and interpretations with a potential impact for the Group have been published by the IASB, not being approved for use in the European Union:

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. GRUPO LOGISTA SECRETARÍA GENERAL Y DEL CONSEJO

Standards and modifications thereof	Contents	Obligatory Application in Annual Reporting Periods Beginning On or After
Improvement to IFRS Cycle 2015-2017	Minor amendments to a number of standards.	1 January 2019
IFRIC 22 transactions and advances in foreign currency	This interpretation establishes the "date of transaction" to determine the Exchange rate applicable in transactions with advances in foreign currency	1 January 2018
IFRIC 23 Uncertainty about fiscal treatments	This interpretation clarifies how to apply accrual and valuation criteria of IAS 12 when there is an uncertainty about the acceptability by the tax authorities of a specific tax treatment used by the entity	1 January 2019
Amendment to IAS 28 long term interest in associates and joint ventures	It clarifies that IFRS 9 must be applied in long term interests in associates an joint ventures if equity method is not applied	1 January 2019
Amendment to IAS 19 Modification, reduction or liquidation of a plan	According to the proposed amendment, when there is a change in a defined benefit plan (due to modification, reduction or liquidation), the entity shall use updated hypotheses in the determination of the cost of the services and net interest for the period after the change of the plan	1 January 2019
Amendment to IFRS 10 and IAS 28 Sale and contribution of assets between an investor and his associate/joint venture	Clarification in relation to the result of these operations, depending on if it is a business or assets.	Not defined date

c) *Use of estimates*

The consolidated profit and equity are sensitive to the accounting principles and policies, the measurement bases and the estimates used by the Parent Company's Directors in the preparation of the interim condensed consolidated financial statements. The main accounting principles and policies and measurement bases are described in the Note 4 to the consolidated financial statements for the year 2017.

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

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

Although these estimates were made on the basis of the best information available at the period ending 31 March 2018, 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.

COMPAÑIA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS S.A. GRUPO LOGISTA SECRETARÍA GENERAL Y DEL CONSEJO *d) Comparability of the information*

The information relating to the first semester of 2017 and 30 September 2017 contained in these notes to the interim condensed consolidated financial statements is presented with the information relating to the period ended 31 March 2018 for comparison purposes only.

e) Materiality

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

2. Changes in the Group's composition

a) Changes in the scope of consolidation during the six month period ended as of 31 March 2018

There are no changes in the scope of perimeter during the first six months of 2018.

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

On 13 February 2017, the subsidiary MIDSID – Sociedade Portuguesa de Distribuiçao, S.A. acquired all the shares representing the share capital of José Costa & Rodrigues, Lda., for an amount of EUR 11,449 thousand (see Note 4-b).

3. Dividends paid by the Parent Company

a) Dividends paid by the Parent Company

On 21 March 2018 the Shareholders´ General Meeting of the Parent Company has approved the distribution of the result of 2017, which included an interim dividend of result of that year that was approved by the Board of Directors and liquidated before, of EUR 39,708 thousand and a complementary dividend of EUR 99,250 thousand, which has been paid on 28 March 2018.

b) Earnings per share

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

Earnings per share are calculated as follows:

	31-03-18	31-03-17
Net profit for the period (thousands of euros)	71,128	76,590
Weighted average number of shares issued (thousands of shares) (*)	129,445	132,411
Earnings per share (euros)	**0.55**	**0.58**

(*) During the first six months of the period ended 31 March 2018, the Parent Company acquired through a purchase and sale agreement 172,540 treasury shares and gave to employees 138,096 treasury shares (see Note 11).

At 31 March 2018 and 2017, there were no dilutive effects on basic earnings per share.

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4. Intangible assets

a) Goodwill

The disclosure of this caption as of 31 March 2018 and 30 September 2017 is the following:

	Thousands of Euros	
	31-03-18	30-09-17
Italy, tobacco and related products	662,922	662,922
France, tobacco and related products	237,106	237,106
Iberia, transport	18,269	18,269
Iberia, tobacco and related products	2,017	6,896
Iberia, other business	486	486
Total	**920,800**	**925,679**

The impairment tests policies applied by the Group to its intangible assets and goodwill are described in the Note 4.3 of the consolidated financial statements for the year ended as of 30 September 2017.

Based on the methodology used and considering the estimates, projections and valuations available to the Parent Company's Directors, during the first six months of 2018 and 2017 no impairment evidence has been identified on these assets.

b) Other Intangible assets

In the context of the business combination described in Note 2-b, a valuation of the fair value of acquired assets and liabilities has been carried out, which has led to a purchase price allocation of the goodwill to the vending machined channel.

During the first six months of 2018 and 2017 the Group has recorded additions to this caption by EUR 3,656 and EUR 3,550 thousand respectively, which are mainly related to new functional development projects for the Group's existing applications.

During the first six months of 2018 and 2017, no impairment has been recorded on these elements.

5. Property, plant and equipment

a) Movement in the period

During the first six months of 2018 and 2017 the Group has acquired elements of Property, plant and equipment for EUR 12,629 and EUR 10,602 thousand, respectively, mainly due to the development of a new platform in Coslada (Madrid),, the new installations in the warehouses of Bolonia (Italy) and to the acquisition of new semitraillers and vending machines.

In addition, during the first six months of 2018 and 2017 the Group wrote off elements of Property, plant and equipment with a net booked value of EUR 200 and EUR 253 thousand, respectively, which generated a positive impact of EUR 41 and EUR 29 thousand, respectively, registered in the caption "Net loss on disposal and impairment of non-current assets" on the accompanying interim condensed consolidated income statements

b) Impairment losses

During the first six months of 2018 and 2017 no impairment has been recorded on these elements.

c) Property, plant and equipment purchase commitments

As of 31 March 2018 and 2017 the Group does not have significant Property, plant and equipment purchase commitments.

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6. Other financial assets

a) Detail and disclosure

The disclosure of the Group's financial assets as of 31 March 2018 and 30 September 2017, attending to their nature and category for the purposes of their valuation, is as follows:

Financial Assets: Nature/Category	Thousands of Euros 31-03-18				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 10)	Short-Term Deposits and Guarantees	Available-for-Sale Financial Assets	Total
Equity instruments	-	-	-	682	682
Financial debts	194	-	-	-	194
Other financial assets	-	-	3,526	-	3,526
Non-current	**194**	**-**	**3,526**	**682**	**4,402**
Financial debts	30,057	1,934,397	-	-	1,964,454
Other financial assets	-	-	383	-	383
Current	**30,057**	**1,934,397**	**383**	**-**	**1,964,837**
Total	**30,251**	**1,934,397**	**3,909**	**682**	**1,969,239**

Financial Assets: Nature/Category	Thousands of Euros 30-09-17				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 10)	Short-Term Deposits and Guarantees	Available-for-Sale Financial Assets	Total
Equity instruments	-	-	-	677	677
Financial debts	194	-	-	-	194
Other financial assets	-	-	3,650	-	3,650
Non-current	**194**	**-**	**3,650**	**677**	**4,521**
Financial debts	30,479	1,790,850	-	-	1,821,329
Other financial assets	-	-	397	-	397
Current	**30,479**	**1,790,850**	**397**	**-**	**1,821,726**
Total	**30,673**	**1,790,850**	**4,047**	**677**	**1,826,247**

Loans granted to third parties

The venturers of "Compañía de Distribución Integral Logista, S.A.U. y GTECH IGT Lottery Spain, S.L.U., Unión Temporal de Empresas" granted a loan to this joint venture divided into equal shares which at 31 March 2018 totalled EUR 119,765 thousand. Compañía de Distribución Integral Logista, S.A.U. has recognised EUR 29,941 thousand (30 September 2017: EUR 30,317 thousand) in this connection, which are presented under "Other Current Financial Assets" and "Other Current Financial Liabilities" in the accompanying condensed consolidated balance sheet at 31 March 2018, for the receivables from and payables to the aforementioned joint venture that correspond to the other venturer (see Note 7).

Loans granted to related parties

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

For more information on these cash pooling agreements, see Note 9 to the consolidated financial statements of Group Logista for the year ended September 30, 2017.

Available for sale financial assets

On 19 December 2016, the subsidiary Logista Italia, S.p.A. sold its share of 13.33% in Banca ITB, S.p.A to Intesa Sanpaolo S.p.A, for an amount of EUR 22,667 thousand, which arose a benefit of EUR 18,119 thousand (net of costs related to the sale), registered in the caption "Finance Income" of the accompanying condensed consolidated income statement as of 31 March 2017.

b) Impairments

During the first six months of 2018 and 2017 the Group has not recorded any significant impairment on its financial assets.

7. Other current financial liabilities

The disclosure of the Group's financial liabilities as of 31 March 2018 and 30 September 2017, attending to their nature and category for the purposes of their valuation, is as follows:

Financial liabilities: Nature / Category	Thousands of Euros			
	31-03-18			
	Debts and Accounts payable to third parties (Note 6)	Debts and Accounts payable to related companies (Note 10)	Guarantees and deposits received	Total
Other financial liabilities	-	-	4,432	4,432
Non-current financial liabilities	**-**	**-**	**4,432**	**4,432**
Other financial liabilities	29,941	4,526	-	34,467
Current financial liabilities	**29,941**	**4,526**	**-**	**34,467**
Total	**29,941**	**4,526**	**4,432**	**38,899**

Financial liabilities: Nature / Category	Thousands of Euros			
	30-09-17			
	Debts and Accounts payable to third parties (Note 6)	Debts and Accounts payable to related companies (Note 10)	Guarantees and deposits received	Total
Other financial liabilities	-	-	4,880	4,880
Non-current financial liabilities	**-**	**-**	**4,880**	**4,880**
Other financial liabilities	30,317	4,054	-	34,371
Current financial liabilities	**30,317**	**4,054**	**-**	**34,371**
Total	**30,317**	**4,054**	**4,880**	**39,251**

8. Equity

a) Share capital

On 31 March 2018 and 30 September 2017 the Parent Company's share capital was represented by 132,750,000 fully subscribed and paid shares of EUR 0.2 par value each, all of the same class.

The only shareholder with an ownership interest of 10% or more in the Parent Company's share capital at 31 March 2018 was Altadis, S.A.U., with an ownership interest of 60%.

b) Treasury shares

In order to cater for the long-term incentive plan discussed in Note 4.12 the Consolidated financial statements of 30 September 2017, the Parent Company has purchased 172,540 treasury shares for EUR 3,366 thousand in the first semester of 2018.

In addition, 137,022 shares have been given to employees of the Group, as a consequence of the end of the first block of 2014 General and Special Incentive Plan, for a total amount of EUR 2,705 thousand.

At 31 March 2018, the Parent Company holds 425,876 treasury shares, representative of the 0.32% of Share Capital.

9. Provisions and contingent liabilities

a) Detail and movement

The detail of the balance of short and long term provisions in the accompanying condensed consolidated balance sheets at 31 March 2018 and 2017 and of the main changes therein in the periods is as follows:

	Thousands of Euros					
	30-09-17	Additions	Reversion	Use	Transfers	31-03-18
Fiscal assessments	8,176	30	(1,900)	-	-	6,306
Obligations to employees	20,369	824	(537)	(443)	-	20,213
Provision for contingencies and charges	5,579	431	(3)	(533)	-	5,474
Other	2,562	-	(6)	-	346	2,902
Non-current provisions	**36,686**	**1,285**	**(2,446)**	**(976)**	**346**	**34,895**
Provision for restructuring costs	6,249	803	(95)	(2,876)	824	4,905
Customer refunds	2,005	501	(109)	-	(161)	2,236
Other	5,474	210	(364)	(342)	126	5,104
Current provisions	**13,728**	**1,514**	**(568)**	**(3,218)**	**789**	**12,245**

	Thousands of Euros						
	30-09-16	Additions to perimeter	Additions	Reversion	Use	Transfers	31-03-17
Fiscal assessments	7,411	-	1,329	-	-	-	8,740
Obligations to employees	16,428	-	7,530	(714)	(391)	-	22,853
Provision for contingencies and charges	2,566	-	-	-	-	-	2.566
Other	6,425	-	503	(295)	(367)	-	6,266
Non-current provisions	**32,830**	-	**9,362**	**(1,009)**	**(758)**	-	**40,425**
Provision for restructuring costs	7,725	-	3,400	(708)	(2,716)	(57)	7,644
Customer refunds	2,791	-	121	(1,087)	-	-	1,825
Other	6,622	50	700	(748)	(708)	57	5,973
Current provisions	**17,138**	**50**	**4,221**	**(2,543)**	**(3,424)**	-	**15,442**

b) Provisions for fiscal assessments

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

In the first six months of 2018, EUR 1,900 thousand have been reversed as judgment favourable to the Group have been received, related to various files raised for tax seals.

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In the first six months of 2017 no significant movements were recorded with respect to this provision.

c) Provision for obligations to employees

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

During the first semester of 2018, there was no significant movement in relation to these provisions.

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

The payments performed during these periods amounted to EUR 443 thousand and EUR 391 thousand, respectively.

d) Provision for restructuring costs

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

During the first semesters of 2018 and 2017, EUR 803 thousand and EUR 3,400 thousand, respectively, have been accrued for and EUR 2,876 thousand and EUR 2,716 thousand, respectively, have been paid as severances, being debited to the related provision.

e) Provision for contingencies and charges

It relates mainly to provisions for contingencies associated with various lawsuits that the Group has in progress with third parties. During the first semesters of 2018 and 2017, there has been no significant movement in relation to these provisions.

f) Provision for customer refunds

The customers of the publishing sector are entitled to the refund of those products which are finally not sold, and the Group may in turn exercise this entitlement to a refund vis-à-vis its suppliers. At each period-end, the Group recognises a provision based on past experience of the refunds on sales with a view to correcting the margins obtained in the course of editorial products sales activity. During the first semesters of 2018 and 2017 there have been no significant variations in this provision.

g) Contingent assets and liabilities

The Note 22 to the Group's consolidated financial statements for the year ended 30 September 2017 provides information regarding the bank guarantees and liabilities as of such date. During the first six months of 2018 there have been no significant changes in the Group's contingent assets and liabilities.

10. Related parties

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

The Group's transactions with related parties during the first semesters of 2018 and 2017, as well as the balances at the end of 31 March 2018 and 30 September 2017, are detailed in the table below. Related party transactions are carried out on an arm's length basis.

Transactions

Expenses and income	Thousands of Euros 31-03-18 Main Shareholder	Group persons, companies or entities	Total
Expenses:			
Services received	-	317	317
Procurements	181,328	215,652	396,980
Financial expense	-	21	21
	181,328	**215,990**	**397,318**
Income:			
Financial income	-	5,843	5,843
Services rendered	5,122	28,145	33,267
	5,122	**33,988**	**39,110**

Expenses and income	Thousands of Euros 31-03-17 Main Shareholder	Group persons, companies or entities	Total
Expenses:			
Services received	-	418	418
Procurements	177,319	273,241	450,560
Financial expense	-	9	9
	177,319	**273,668**	**450,987**
Income:			
Financial income	-	5,521	5,521
Services rendered	4,982	20,393	25,375
	4,982	**25,914**	**30,896**

Balances

Balances	Thousands of Euros 31-03-18		Total
Debitors:			
Credits (Note 6)	-	1,934,397	1,934,397
Accounts receivable	1,930	9,788	11,718
	1,930	**1,944,185**	**1,946,115**
Creditors:			
Loans (Note 7)	-	4,526	4,526
Accounts payable	45,843	119,791	165,634
	45,843	**124,317**	**170,160**

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Balances	Thousands of Euros		
	30-09-17		
	Main Shareholder	Group persons, companies or entities	Total
Debitors:			
Credits (Note 6)	-	1,790,850	1,790,850
Accounts receivable	2,728	23,956	26,684
	2,728	**1,814,806**	**1,817,534**
Creditors:			
Loans (Note 7)	-	4,054	4,054
Accounts payable	45,071	136,906	181,977
	45,071	**140,960**	**186,031**

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

11. Information about remunerations

The Notes 23-b and 27 of the Group's consolidated financial statements for the year ended 30 September 2017 detail the existing agreements regarding the remuneration and other retributions to the Board of Directors and the Group's Senior Management.

Remuneration of Directors

The remuneration received by the members of the Board of Directors of the Parent Company as a result of their membership thereof or of any of its executive committees in all connections, including the remuneration received by the members of the Board who in turn are executives for all concepts during the first six months of 2018 and 2017 totalled EUR 4,088 thousand and EUR 3,118 thousand, respectively.

In addition, corporate contributions to pension plan for the first six months of 2018 and 2017 corresponding to executive directors amounted to EUR 6 thousand in both periods.

Life insurance premium corresponding to the executive directors in the first six months of 2018 and 2017 amount to EUR 7 and 9 thousand, respectively.

The Directors' third-party liability insurance in the first six months of 2018 and 2017 amounts to EUR 23 thousand in both periods.

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

During the first six months of 2018 the Parent Company did not carry out with its Directors any transactions not relating to its ordinary business operations or transactions not carried out on an arm's length basis.

Remuneration of the Senior Managers

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

The remuneration earned during the first six months of 2018 by the members of the Management Committee, excluding executive directors amounted to EUR 4,039 thousand (EUR 3,616 thousand in the first six months of 2017).

The period contributions to the pension plans for members of the Management Committee in the first six months of 2018 and 2017 amounted to EUR 24 thousand and EUR 21 thousand, respectively.

Incentive Plans

In Note 4.12 of the Notes to the Consolidated Financial Statements of the Group for the year ended September 30, 2017 incentive plans in force are detailed.

In particular, in relation to the General and Special long-term incentive Plans 2017 approved on March 21, 2017, on January 23, 2018 the Board of Directors has approved the list of beneficiaries and maximum number of shares to be distributed to the vesting period 2018-2020, amounting to 58 people for the General Plan and 9 for the Special Plan and 210,212 shares, respectively. In addition, in relation to the General and Special long-term incentive Plans 2014 approved on June 4, 2014, on January 24, 2017 the Board of Directors approved the list of beneficiaries and maximum number of shares to be distributed to the vesting period 2017-

2019, amounting to 56 people for the General Plan and 9 for the Special Plan and 163,357 shares, respectively.

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

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

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

On January 23, 2018, in relation to the General and Special long-term incentive Plan 2014, the Boards of Directors approved the shares finally granted related to 2015-2017 consolidation period, amounting to 209,613 shares.

12. Segmented information

The Note 24 to the Group's consolidated financial statements for the year ended 30 September 2017 includes the criteria followed by the Group in order to define its operating segments. There has been no change in the segmentation criteria.

The disclosure of revenues by geographical area as of 31 March 2018 and 2017 is as follows:

Revenues by Geographical area	Thousands of Euros	
	31-03-18	31-03-17
Iberia	1,315,878	1,264,406
Italy	1,236,850	1,237,966
France	1,938,048	2,039,378
Corporate and others	3,689	4,447
Inter-segment sales	(28,014)	(19,215)
Total	**4,466,451**	**4,526,982**

The reconciliation of the segmented profit before tax with the consolidated profit before tax as of 31 March 2018 and 2017 is as follows:

Profit before tax	Thousands of Euros	
	31-03-18	31-03-17
Segments		
Iberia	55,494	46,374
Italy	37,626	27,917
France	(434)	868
Corporate and others	(6,459)	(6,409)
Share of results of companies	782	774
Financial result	5,317	23,271
PROFIT BEFORE TAX	**92,326**	**92,795**

The consolidated balance sheets of the Group by business segments are as follows (in thousands of Euros):

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	31-03-18				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	140,161	20,803	44,700	126	205,790
Other non-current assets	62,195	670,479	740,799	1,365	1,474,838
Inventories	397,825	286,454	437,189	-	1,121,468
Trade receivables	527,447	374,812	932,798	610	1,835,667
Other current assets					2,287,488
Total consolidated assets					**6,925,251**
Liabilities-					
Non-current liabilities	108,429	36,121	180,423	-	324,973
Current liabilities	1,877,157	1,590,510	2,660,520	1,032	6,129,219
Equity					471,059
Total consolidated liabilities					**6,925,251**

	30-09-17				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	141,587	20,734	43,526	160	206,007
Other non-current assets	61,833	670,562	766,356	823	1,499,574
Inventories	410,869	287,479	424,274	-	1,122,622
Trade receivables	519,743	325,389	901,132	1,074	1,747,338
Other current assets					1,967,207
Total consolidated assets					**6,542,748**
Liabilities-					
Non-current liabilities	114,701	36,270	189,563	-	340,534
Current liabilities	1,402,664	1,619,006	2,677,284	827	5,699,781
Equity					502,433
Total consolidated liabilities					**6,542,748**

13. Average number of employees

The average number of employees at the Group for the first six months of the period ended 31 March 2018 and 2017 is as follows:

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	31-03-18	31-03-17
Men	3,637	3,550
Women	2,077	1,986
Total	**5,714**	**5,536**

14. Tax matters

The calculation of the income tax at 31 March 2018 has been performed based on the best estimation of the effective tax rate for the annual accounting period.

At the date of preparation of these interim condensed consolidated financial statements, settlements for VAT, corporation income tax and withholdings of year 2013 for Logista Italia, S.p.A. and customs duties of year 2016 for Compañia de Distribución Integral Logista, S.A.U. are in the process of inspection.

Compañia de Distribución Integral Logista, S.A.U. has the last four years open for review for income tax, since 2017 for Customs duties, since 2015 for Excise duties, and the last four years for the other taxes applicable to the Consolidated Fiscal Group.

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

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

15. Subsequent events

There have been no significant events since the end of the six-month period ended March 31, 2018 until the date of preparation of these interim condensed consolidated financial statements.

16. Explanation added for translation to English

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

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

Consolidated Interim Directors Report for financial period of six months ended on March 31th 2018

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS S.A.
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Main highlights of the H1 2018 Logista results:

- Economic Sales[1] increase by 6.5% improving the 1.3% drop in Revenues
- Adjusted Operating Profit and Profit from Operations rise by 14.1% and 25.2% respectively, reflecting the good performance recorded by the activity and the lower impact from negative non-recurring results
- Net Income reduced by 7.1% mainly as a consequence of the capital gain obtained on the sale of an affiliate in the first quarter last fiscal year

Key Metrics Summary

Data in million euros	1 Oct. 2017 – 31 Mar. 2018	1 Oct. 2016 – 31 Mar. 2017	% Change
Revenues	4,466.5	4,527.0	(1.3)%
Economic Sales	545.2	511.9	6.5%
Adjusted Operating Profit	114.1	100.0	14.1%
Margin over Economic Sales	20.9%	19.5%	+140 b.p.
Profit from Operations	87.0	69.5	25.2%
Net Income	71.1	76.6	(7.1)%

The first half of fiscal year 2018 was characterized by the sound growth recorded in the recurring activity of the Group as well as by a lower incidence of non-recurring results (negative and positive) at all levels of the profit & loss account.

Group's Revenues reduced by 1.3% over the same period of the preceding year whilst Economic Sales grew by 6.5% thanks to the significant improvements recorded by all business lines in Iberia and Italy that easily offset the reduction experienced by the activities in France. The Economic Sales growth confirms once more the capacity of the Group to offer value added services to its clients over and above the value of the distributed products.

Per activities, Pharma, Tobacco Portugal and Transport as well as distribution of convenience products in Spain and Italy continue recording the best performance whereas Tobacco, Electronic transactions and Other businesses in France presented the weakest performance.

The tobacco distribution recurring activity has recorded growth despite a 2.2% decline of distributed volumes (cigarettes and RYO) during the fiscal year compared to fiscal year 2017, while in said fiscal year the yearly variation vs. fiscal year 2016 was -4.1%. All geographies recorded reductions of distributed cigarettes volumes but Portugal.

During this first semester, retail selling prices of tobacco products varied in all geographies, although tobacco excise taxes have been modified only in France. The global impact for the Group of these movements has been slightly positive in the period.

Therefore, to the strength shown by of the recurring activity in the Iberia and Italy segments added a low yearly comparison base that included, in the previous year, the non-recurring negative impact in the valuation of inventories from the movements in excise taxes and prices in Italy and France, partially offset by the positive impact of that movements in Spain.

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

Total operating costs grew by 4.7%, below Economic Sales increase. If the €6.8 million non-recurring cost from a litigation provision, accounted for in the Iberia segment in the preceding year, is eliminated from the base, operating costs grew by 6.4%, in line with the reported and underlying growth of Economic Sales.

Therefore, the Adjusted EBIT margin over Economic Sales reached 20.9% compared to the 19.5% obtained in the first half of fiscal year 2017 and Adjusted EBIT reached €114.1 million (+14.1% above previous year). This, together with the lower restructure costs registered during the period (€1.7 million compared to €5.2 million), contributed to a 25.2% Profit from Operations increase comparing with the same period of the fiscal year 2017.

Financial Results in the first half of this fiscal year reached €5.3 million, significantly below the €23.3 million registered in the same period of the last fiscal year. This decrease was mainly due to the capital gain derived from the sale of an affiliated company in the Italy segment registered in that period. Without considering the mentioned capital gain, the yearly variation in the financial results was not significant.

Likewise, the fact that the capital gain from the sale of this affiliate was taxed at a very low rate, resulted in a tax rate significantly lower than the 23.0% recorded during the current fiscal year.

Because of all the above mentioned, the Net Income reduced by 7.1% to €71.1 million.

Revenues Evolution (By Segment and Activity)

Data in million euros	1 Oct. 2017 – 31 Mar. 2018	1 Oct. 2016 – 31 Mar. 2017	% Change
Iberia	**1,315.9**	**1,264.4**	**4.1%**
Tobacco & Related*	1,108.5	1,079.3	2.7%
Transport Services	184.6	170.9	8.0%
Other Businesses*	71.1	59.6	19.3%
Adjustments	(48.3)	(45.5)	(6.3)%
France	**1,938.0**	**2,039.4**	**(5.0)%**
Tobacco & Related	1,853.6	1,950.2	(4.9)%
Other Businesses	88.0	92.3	(4.7)%
Adjustments	(3.6)	(3.1)	(18.6)%
Italy	**1,236.9**	**1,238.0**	**(0.1)%**
Tobacco & Related	1,236.9	1,238.0	(0.1)%
Corporate & Others	**(24.3)**	**(14.8)**	**(64.7)%**
Total Revenues	**4,466.5**	**4,527.0**	**(1.3)%**

** The lottery distribution activity previously reported in Other Businesses is now included in Tobacco & Related. Revenues related to the fiscal year 2017 have been restated with the goal of being comparable with the revenues for the fiscal year 2018.*

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Economic Sales Evolution (By Segment and Activity)

Data in million euros	1 Oct. 2017 – 31 Mar. 2018	1 Oct. 2016 – 31 Mar. 2017	% Change
Iberia	**276.8**	**261.8**	**5.7%**
Tobacco & Related*	131.8	127.7	3.1%
Transport Services	126.2	119.5	5.6%
Other Businesses*	41.4	35.4	17.2%
Adjustments	(22.6)	(20.8)	(8.5)%
France	**125.6**	**135.9**	**(7.6)%**
Tobacco & Related	105.0	114.5	(8.3)%
Other Businesses	23.5	24.0	(2.0)%
Adjustments	(2.9)	(2.6)	(12.0)%
Italy	**142.1**	**112.5**	**26.4%**
Tobacco & Related	142.1	112.5	26.4%
Corporate & Others	**0.8**	**1.7**	**55.3%**
Total Economic Sales	**545.2**	**511.9**	**6.5%**

** The lottery distribution activity previously reported in Other Businesses is now included in Tobacco & Related. Economic Sales related to the fiscal year 2017 have been restated with the goal of being comparable with the economics sales for the fiscal year 2018.*

Adjusted EBIT Evolution (By Segment)

Data in million euros	1 Oct. 2017 – 31 Mar. 2018	1 Oct. 2016 – 31 Mar. 2017	% Change
Iberia	**56.5**	**46.8**	**20.8%**
France	**26.0**	**30.8**	**(15.4)%**
Italy	**37.8**	**28.5**	**32.9%**
Corporate & Others	**(6.2)**	**(6.0)**	**(4.2)%**
Total Adjusted EBIT	**114.1**	**100.0**	**14.1%**

Adjusted Operating Profit (or indistinctly Adjusted EBIT) is the principal indicator used by Management to assess the recurring results of operations of the business. This indicator is basically calculated by deducting from the Profit from Operations all those expenses that are not directly linked to the Revenue obtained by the Group during each period, which facilitates the analysis of the evolution of operating expenses and typical margins of the Group. In the following table reconciliation between Profit from Operations and Adjusted Operating Profit for H1 in fiscal years 2018 and 2017 is shown:

Data in million euros	1 Oct. 2017 – 31 Mar. 2018	1 Oct. 2016 – 31 Mar. 2017
Adjusted Operating Profit	**114.1**	**100.0**
(-) Restructuring Costs	(1.7)	(5.2)
(-) Amortization of Assets Logista France	(26.2)	(26.1)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	0.0	0.0
(+/-) Share of Results of Companies and Others	0.8	0.8
Profit from Operations	**87.0**	**69.5**

BUSINESS REVIEW

1. Iberia: Spain and Portugal

The Iberia segment's Revenues increased to €1,315.9 million compared to €1,264.4 million in the first half of the fiscal year 2017, recording a 4.1% growth. The Economic Sales of the segment reached €276.8 million, a 5.7% ahead of the €261.8 million recorded in the same period of the preceding year.

Revenues in Tobacco and related products increased by 2.7%, mainly because of the growth of the activity in Portugal and despite the drop suffered by tobacco volumes distributed in Spain.

The cigarette volumes distributed in Spain during the semester started dropped by 2.6% in the period compared to the preceding year, recording a similar trend to the one recorded in that semester compared to the same period in fiscal year 2016 (-2.0%). Distributed volumes of RYO and cigars also maintained a decreasing trend, reaching a fall of 1.5% and 3.3% vs. -2.8% and -4.5% in the yearly comparison of the preceding year.

During the first half of the current fiscal year, tobacco manufacturers increased, in general, the retail selling price of the pack of cigarettes in 5 cents, in a scenario of stability in excise taxes on tobacco. In the same period of the preceding year, most of tobacco manufacturers decided to increase the retail selling price of the pack of cigarettes in 10 cents, after the rise in excise taxes announcement by the Spanish Government in December 2016. The positive impact on the inventories of the Group derived from these movements in this semester was lower than in the preceding year.

The Economic Sales from the distribution of convenience products increased over the same period in fiscal year 2017 thanks to a higher penetration in tobacconists and the good performance of the activity. Revenues recorded a slight decrease due to the change in the billing model of one of our clients that, however, did not have effect in the Economic Sales figure.

Thus, Economic Sales in Tobacco and related products grew by 3.1% comparing to previous year due to the good performance of the distribution of convenience products, of the activity in Portugal and the increase of value added services.

Revenues in Transport recorded again, as a whole, a very solid performance, growing by 8.0%. The three activities (Long distance, Courier and Industrial parcel) increased significantly Revenues and Economic Sales. Economic Sales in Transport increased by 5.6% to €126.2 million.

The activity of Long distance and full-load has benefited from the increase of flows derived from the services provided in the NGP category for a client in Italy, offsetting in this way the drop on tobacco volumes.

The leading position in their respective market segments of the courier and parcel subsidiaries, derived from a continuous commitment to differentiation, allowed to continue reaching solid growth indicators. The constant growth of the urgent services from the on-line sales joint the consumption improvement shown during the period.

Revenues in Other Businesses (which from this fiscal year includes only Pharma and publications activities, while lottery distribution is included in Tobacco and related products) increased by 19.3% reaching €71.1 million and Economic Sales went up by 17.2% to €41.4 million.

The seasonality of the vaccination schedule (that mainly affected the first quarter) and the incorporation of some clients with relevant presence in this segment has led to a significant growth in the semester in the Pharma business. This activity registered a very positive fiscal year start, with improvements in the pre-existing business and the incorporation of the largest part of the activity coming from Sanofi in October 1,

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2017, as well as its distribution to hospitals since January 1, 2018 (the vaccines' portfolio of Sanofi will be managed from January 1, 2019).

The constant commercial work that the Group has carried out in Pharma allowed continuing adding clients under exclusive distribution of some of their products in the pharmacy channel, according to the strategy for the future development of this line of activity. Additionally, the launch of new value added services to the clients in the pharmaceutical sector has continued developing, in line with the general strategy of the Group, in the distribution to pharmacies and to hospitals.

Despite the difficult environment in the distribution of publications in Spain, the Group's efforts have enabled to maintain the sales at a similar level to the same period of the preceding year.

Total operating expenses reported in the Iberia segment increased by 2.4% in the first half. However, as previously mentioned, in the same period of the previous year a non-recurrent expense was recorded for €6.8 million so the yearly comparison base was high. Nevertheless, and even adjusting the base for this concept, the 5.8% increase of recurring operating expenses was lower than the growth registered by the recurring activity.

Adjusted Operating Profit reached €56.5 million, a progress of 20.8% with respect to last year. If the impact of the non-recurring cost recorded in that period is not considered, the increase was 5.4%.

In the first semester of this fiscal year the restructuring costs amounted €1.0 million, while in the same period of the preceding year were €0.4 million. The Profit from Operations reached €56.3 million versus €47.1 million recorded in fiscal year 2017.

2. France

Revenues from the France segment reduced by 5.0% to €1,938.0 million while Economic Sales declined by 7.6%, to reach €125.6 million.

Tobacco and related products Revenues fell by 4.9% to €1,853.6 million due to the decline experienced by distributed tobacco volumes vs. same period of last year, both in cigarettes (-5.2%) and in RYO (-9.6%).

Throughout the first half of this fiscal year, the French government has carried out the tax increases corresponding to fiscal year 2018, included in the pack of excise tax increases planned till the year 2020 and aimed to increase the price of the pack of cigarettes to €10 in that year.

In concrete, there were increases in the months of November (first quarter) and March (second quarter). Additionally, in January 1, 2018 and according to the calendar announced by the Government last year, a new raise in the commission the tobacconists receive on the sale of tobacco products entered into force.

In general, tobacco manufacturers passed-through practically the total amount of this tax increase to the retail prices of their products (approximately 35 cents and 1 euro per pack respectively in November and March), although not all of them in the same amount and did it in an uneven way depending on the different references. However, the majority of tobacco manufacturers decided not to pass-through the increase of the tobacconists' commission to the consumers.

The global impact on the Group's stock value of these movements of prices, taxes and commissions was negative in the first and second quarter of this fiscal year.

In the preceding year, after the rise in taxation on tobacco products and the increase of the tobacconists' commission on the sale of these products (all them effective from January 1, 2017), tobacco manufacturers increased the price of a pack of cigarettes below the total amount of said measures and, therefore, the net impact was slightly negative on the second quarter results.

For its part, the growth registered in the revenues of convenience products during the first half of this fiscal year, partially offset the significant decrease experienced by the revenues from electronic transactions with respect to the same period in the previous fiscal year.

The Economic Sales from Tobacco and related products declined to a higher extent than Revenues vs. the previous year (-8.3% to €105.0 million) due to the negative non-recurring impact derived from the movements in tobacco retail selling prices and taxes previously described and to the lower sales in electronic transactions compared to the same period last year.

The Other Businesses activity (wholesale distribution of convenience products in non-tobacconist channels) experienced a fall of 4.7% in Revenues, in a practically stable consumption environment, which encourages an increasing price competition. The decline in Economic Sales was less pronounce (-2.0% against the same period of last year) because of the slight improvement on margins.

The total operating costs of the France segment decreased by 5.3% so Adjusted Operating Profit declined to €26.0 million, a 15.4% lower than in the preceding year.

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The restructuring expenses (€0.3 million) were much lower than the €3.8 million registered in the first half of 2017 and drove Profit from Operations to the same level of the previous year, reaching a €0.4 million loss. The main adjustment in this segment is the Amortization of Assets generated from the acquisition of Logista France that was €26.1 million in both periods.

3. Italy

The Revenues in the Italy segment stood practically stable in €1,236.9 million (-0.1%) vs. the same period last year driven by the significant increase in the sale of convenience products.

In contrast with the 7.8% decrease registered in the first semester last year, the cigarette distributed volumes only declined by 1.0%. The RYO category increased by 16.0% vs. 10.9% registered last year.

During the first half of this fiscal year, some tobacco manufacturers increased the price of their products between 10 and 20 cents per pack of cigarettes prices. This raise in retail selling prices which was not accompanied by increases on taxation (beyond the slight automatic update of excise taxes derived from the weighted average price on the previous year) has had a positive impact on the results of the segment, being greater in the second quarter of the fiscal year.

In the first quarter last year a small number of brands reduced their prices between 20 and 30 cents per pack, whilst in the second quarter an automatic update of the excise tax was not transferred to retail selling prices, translating into a negative impact on the valuation of the Group's stocks in both quarters.

During the first quarter of current fiscal year, the tobacco distribution contract with BAT was renewed in Italy for 3 years.

Since the beginning of the fiscal year, the convenience products distribution activity maintained a significant growth rate (close to 20%). This fact as well as the increase in the new value added services rendered to manufacturers, including those related to NGP (Next Generation Products), resulted in a 26.4% increase in Economic Sales in the Italy segment.

Total operating costs of the segment increased by 24.1% with respect to last year, below the growth registered in Economic Sales, leading Adjusted Operating Profit to €37.8 million, a 32.9% higher than the preceding year. The operating costs increased slightly above the growth recorded by the recurring activity due, to a great extent, to the increase on the relative weight of the logistics services offered to a client in the NGP category.

The restructuring costs (€0.2 million) were lower than in the same period of the preceding fiscal year (€0.6 million). The Operating Profit reached €37.6 million.

4. Corporate and Others

This segment includes corporate expenses and the Polish operations.

Adjusted Operating Profit was slight lower than in the first semester of the previous year and reached -€6.2 million.

FINANCIAL RESULT EVOLUTION

Financial results reduced in the first half by 77.2% to €5.3 million vs. €23.3 million obtained in the previous year mainly due to the capital gain recorded in that period on the divestment of an affiliated company in the Italy segment.

The interest rate used as a reference in the treasury agreement with our majority shareholder (European Central Bank main rate), over which a 75 b.p. spread is obtained under that agreement, stood at 0.0% during the first half of both fiscal years.

The average cash position reached €1,543 million compared to €1,453 million in the fiscal year 2017.

NET INCOME EVOLUTION

Earnings Before Taxes in the first half of the current fiscal year slightly decreased comparing to the previous fiscal year (-0.5%) to €92.3 million and the Net Income reduced by 7.1% to reach €71.1 million.

The previously mentioned capital gain derived from the sale of an affiliated company in the first quarter of the previous fiscal year affected to the year-on-year comparison at both Profit Before Taxes and Net Profit level, not only by the amount of the aforementioned capital gain, but also for its very reduced tax rate. The nominal corporate tax rate increase registered in the period that stood at 23.0% vs. 17.5% in the previous year is mainly explained by this reason.

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Earnings per Share were €0.55 vs. €0.58 in the first half of fiscal year 2017, with no variations in the number of shares of the share capital.

At the first half of the current fiscal year closing, the Company owned 425,876 own shares.

CASH FLOW

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

However, at the end of the first half of the current fiscal year, the negative working capital comparing to the end of the first half of the previous fiscal year was significantly higher due to the combined effect of prices/excise taxes movements and calendar effect. This together with the improvement in results and lower payments for corporate taxes resulted in a positive cash flow at March 31, 2018.

The investments in the first semester are in line with the usual investment level in the Group, but contrast with a net disinvestment balance in the same period of the previous fiscal year, due to the capital gain derived from the sale of an affiliated company in the Italy Segment.

During the second quarter of this fiscal year, dividends for a total of €99.3 million were paid.

DIVIDEND POLICY

The General Shareholders Meeting held on 21 March 2018 approved the distribution of a final dividend corresponding to fiscal year 2017 of €99.3 million (€0.75 per share) that was paid on 28 March 2018.

Additionally, the Board of Directors agreed past 27 July 2017 to distribute an interim cash dividend corresponding to fiscal year 2017 of €0.30 per share (slightly more than €39.7 million). The payment was effective on 30 August 2017.

Therefore, the total dividend corresponding to fiscal year 2017 amounted near €139 million (€1.05 per share), a 16.7% higher than the total dividend distributed in fiscal year 2016.

OUTLOOK

The performance of the business during the first semester of the fiscal year allows the Group to maintain the estimates already announced regarding results at closing of last fiscal year.

Current trading environment suggest that in fiscal year 2018, Adjusted EBIT could record around double digit growth with respect to fiscal year 2017.

This foreseen growth is composed of a slightly positive underlying activity forecast during the fiscal year and the positive impact coming from the yearly variation of non-recurring results derived from tobacco price and tax movements, not managed by Logista.

Although the amount that these results may reach is uncertain, it is very unlike that the circumstances surrounding fiscal year 2017 that translated into a net negative impact are repeated, reason why it can be expected that said results provide additional growth to that of recurring activity.

It is estimated that restructuring costs can increase with respect to fiscal year 2017, depending on the evolution of the activity in France as is expected that if tobacco manufacturers implement the tobacco RSP rise requested by the French Government, tobacco distributed volumes may reduce significantly.

On the other hand, financial results will be lower than those of current fiscal year as no extraordinary result impact is forecasted in that line.

Finally, and in the absence of non-recurring impacts, a rise in the effective Corporate Income Tax of the Group is expected.

As a consequence of all the above, it can be expected that Net Profit stabilises around the figure reached in fiscal year 2017, after two consecutive years experiencing double-digit growth.

RISK EXPOSURE

The Corporate Risk Management System of the Company and its subsidiaries is set forth in the Risks Management General Policy of September, 29th 2015.

The Risk Management General Policy, applicable both to each of the businesses and countries, and Corporate areas of the Group, sets up the guidelines to integrate all the information originating from the different functions and operations of the Group, with the purpose of providing to the Business Managers/Corporate Directorates, a holistic view, improving the Management capacity to manage risks in an efficient way and minimizing the impact in case the risks materialize.

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The Policy defines different risk categories, in which, as part of the financial risks category, tax risks related to the current Group activity are included.

Therefore, Fiscal strategy described at Fiscal Policy of Logista Group, states, as part of its key objectives the following:

- To minimize the fiscal risks associated with the Company's operations and strategic decisions, thus ensuring that the tax payable is appropriate and in proportion to the operations of the Businesses, the material and human resources, and the business risks of the Group.
- To define the fiscal risks and determine the Objectives and Activities of internal Control, and to set up systems for reporting fiscal compliance and for keeping documentary records, integrated with the Group's General Framework of Internal Control.

On the other hand, the Group's Internal Control General Policy of April 25th, 2017, establishes a general action framework for controlling and management of internal and external risks of any nature, which may affect the Logista Group, in accordance with the risk map in place at all times in the achievement of its objectives (Corporate Governance risks, market risks, financial risks, regulatory risks, business risks, operational risks, penal risks and reputational risks, among others).

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

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

Among the main risks, it is important to highlight:

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

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

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

- Safeguarding of assets: the Group's Financial Directorate has as one of its main objectives to safeguard the Group's assets value in all business units and countries where it operates (Spain, France, Italy, Portugal and Poland, mainly) through the risk analysis and prevention and optimizing the management of the main claims. The financial department analyses the accidental risks, which could affect the Logista Group, in its assets and also in its activity, and according to these risks, establishes the external insurance coverage contracts which considers necessary. Related to the high Goodwills, impairment tests are carried out according to International Accounting Standards in the Group.

- Credit risk: In general, the Group deposits its cash and cash equivalents in entities holding a high credit rating. The Group presents as well an exposure to credit or counterparty risk with Imperial Brands by virtue of the subscribed treasury agreements.

- The Group controls the insolvency and delinquency risks establishing credit limits and through the establishment of demanding conditions in respect to collection periods; that commercial risk is spread among a high number of clients with short collection periods, being the main Group's clients: newsstands and tobacconists. So, the credit risk exposure to third parties is not very significant, and the Group has, always if considered, Insurance Policies to mitigate the impact of possible defaults, although this default rate in all geographies in which the Group operates is very low.

- The Group estimates that at 31 March 2018 the level of exposure to credit risk of its financial assets is not significant.

- With regard to liquidity risk, the Group maintains enough cash and cash equivalents to face the payments derived from its usual activities. Also, if punctually financing is required, the Group has available credit lines.

- Respect the exposure to interest rate risk, considering the low level of the Group's financial debt, the Management of the Parent Company considers the impact from a potential increase in interest rates which could have in the consolidated annual accounts is not significant.

- Also, the level of exposure to the net equity and the P&L account in terms of future changes in the current exchange rates is not relevant; due to the volume of transactions of the Group in non-Euro currencies is not significant.

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

- Changes in the payment cycle of the Group can obligate to seek out external financing sources to compliance its obligations: As any wholesale business, the payment cycles of the acquired products to manufacturers and the billing cycles of the points of sale do not match. Along with this, the payment by the Logista Group to Tax Authorities is made in a different cycle to the cycles corresponding to manufacturers and points of sale.

- On the other hand, the possibility of modifications in the tax regulation can impact directly in the results and cash management of the Group (excise duties, Corporate Income Tax, Personal Income Tax, etc).

During the first half of fiscal year 2018, the Group has suffered the materialization of normal operational risks, in the normal business evolution, and particularly, robberies of tobacco in facilities and during the transport, without incidence in the Group's results thanks to insurance of the goods. Also, the Group faced the responsibility for settlement tax litigations, resolved against the Group, without relevant incidence in the results due to they were provisioned.

CORPORATE SOCIAL RESPONSIBILITY

Environment

Logista promotes the respect for the environment among staff, customers, suppliers and the society in general. Accordingly, Logista has a Quality and Environment Director Plan and a Quality, Environment and Energy Efficiency Policy setting the guidelines and good practices to optimize the use of resources and prevent pollution in processes, according to regulatory compliance and the Group's targets voluntarily subscribed.

Logista controls and assesses the main environment and quality indicators identified by the Group for its sustainability performance. The Group calculates the Carbon Footprint of all its businesses and activities in the different countries including most of the Group's outsourced activities, like transport operations and franchises, and indirect activities, like those of acquiring goods and services, water consumption or waste generation.

The calculation is based on the Green House Gas Protocol norm and emission factors for reporting Green House Gases and in the UNE-EN-16258 norm, and an independent audit entity verifies the calculation according to the UNE-EN ISO 14064 norm, ratifying the figures and assuring the process reliability and traceability.

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In October 2017, CDP included again the Logita Group in in its prestigious "A-List" group, highlighting Logista as the only European distributor in the list and identifying it as a world leading company in managing Climate Change. In addition, Logista has been recognized as "CDP Suplier Leader 2018" for its performance in the "CDP's Supply Chain Program". Logista participates in this program since 2010 to respond the requirements of its main clients.

Logista also establishes efficiency plans in the short, medium and long term by country both for its network of facilities and for its transport networks, even if outsourced, as well as defining individualized programs that include the follow-up and the systematic control of the attainment of the objectives.

In addition, the Group periodically undertakes energy audits in every country and by each business.

Moreover, Logista collaborates with organizations and stakeholders favouring improving quality and environment, and participates and promotes initiatives on environmental protection. Thus, Logista is founding member, together with other Spanish companies, of the Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth), to work together and to transfer to the society and the Public Administration its vision on the sustainable economic growth model compatible with the efficient use of natural resources.

Social matters and about staff

Logista maintains an explicit commitment to the human rights defense and incorporates the principles of the United Nations Global Compact in developing its activity regarding human rights, labour, environment and anticorruption, with tools guarantying and promoting its protection and respect.

During the first half of fiscal year 2018, the average staff increased to 5,714 employees (a 3.2% above the average staff during the first half of the previous fiscal year). 85.4% of the Group's employees were permanent, while the 14.6% of the employees were temporary. Regarding the gender, 63.6% of employees were men and the 36.4% female.

Logista guarantees the labour rights of all employees. Collective labour agreements are signed whether by business or by industry depending on the companies and countries, being the main framework regulating labour relationships between the Group and its staff together with labour regulations in force. All Group's employees are covered by own collective or sectoral agreements.

The Group's Code of Conduct expressly includes Logista's commitment to diversity, equal opportunities and non-discrimination, principles the Group promotes and are assumed by all employees. Logista guarantees the dissemination and knowledge of the Code of Conduct, which is also available in the Group's intranet.

In addition, the Company has established internal rules for the prevention of corruption and money laundering within the internal control framework and in line with the Group's compliance culture.

The Group also promotes supporting unfavoured groups with actions like recruiting young intellectually disabled people, groups in risk of exclusion or groups with sensorial disabilities, among others.

The Group's Human Resources Directorate makes a biennial a Labour Climate Survey among all its employees, so that these may directly and confidentially express their opinion on relevant issues on their work in particular and on the Group in general.

The Group proactively manages labour Health and Safety across the whole activity cycle to prevent damages on people, goods and the environment. It sets health improvement targets and goals, assesses the performance and applies the needed corrections to reach targets, defining verification, audit and control processes to assure them.

SIGNIFICANT EVENTS FOR THE GROUP AFTER THE REPORTING PERIOD

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

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group invested in I+D+i €1.9 million in the first half of the fiscal year 2018. Most of these investments were made to adapt the systems to enlarge the portfolio of services offered to its clients, automate processes and their adaptation to the new European rule about traceability and develop own software.

TREASURY SHARES

At 31 March 2018, the Group held in its balance sheet 425,876 own-shares, representing the 0.32% of the Company's share capital. Own-shares were acquired in execution of the Share Buyback Program.

The Board of Directors of 28 November 2017 agreed an extension of the Share Buyback Program of the Company, extended for the last time on January 24, 2017, to allocate the 2014 General Plan in

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Performance Shares and to the Special Plan in Performance Shares. The Board of Directors agreed to extend until October 1, 2018 the Extended Share Buyback Program of the Company.

USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No Group company uses derivative financial instruments.

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Certificate on the issuance of the interim condensed consolidated financial statements

Certificate issued to attest that the undersigned members of the Board of Directors of Compañía de Distribución Integral Logista Holdings, S.A. are apprised of the contents of these interim condensed consolidated financial statements and interim consolidated Directors´ Report for the six months period ended 31 March 2018, which were authorised for issue at the Board of Directors' meeting on 24 April 2018 in order to be verified by auditors.

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

The interim condensed consolidated financial statements and interim consolidated Directors´ Report are set forth on 31 sheets, on the obverse only, all of which are signed by the Secretary of the Board of Directors, who in witness whereof, have signed below:

D. Gregorio Marañón y Bertrán de Lis Chairman	D. Luis Egido Gálvez Chief Executive
D. Stéphane Lissner Director	Dª. Cristina Garmendia Mendizábal Director
D. Eduardo Zaplana Hernández-Soro Director	Mr. John Matthew Downing Director
Mr. Richard Guy Hathaway Director	Mr. Amal Pramanik Director
Mr. Richard Charles Hill Director	D. Rafael de Juan López Director and Secretary of the Board

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Leganes, 24 April 2018