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

Interim Condensed Consolidated Financial Statements for the six-month period ended 31 March 2019, 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 2019, 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 2019 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim financial statements.

Emphasis of matter paragraph

We draw attention to Note 1 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 30 September 2018. 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 2019 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 15 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 2019. 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.

Victoria López Téllez

6 May 2019

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Raúl Llorente Adrián

6 May 2019

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

Interim Condensed Consolidated Financial Statements for the period ended 31 March 2019 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 2019 AND 30 SEPTEMBER 2018

(Thousands of Euros)

ASSETS	Note	31-03-2019	30-09-2018
NON-CURRENT ASSETS:			
Property, plant and equipment	5	206,022	203,531
Investment property		15,489	17,999
Goodwill	4	920,800	920,800
Other intangible assets	4	481,579	505,210
Investments in associates		3,196	2,118
Other non-current financial assets	6	14,776	4,634
Deferred tax assets		19,121	18,629
Total non-current assets		1,660,983	1,672,921
CURRENT ASSETS:			
Inventories		1,191,648	1,188,543
Trade and other receivables		1,843,313	1,846,246
Tax receivables		43,478	83,533
Other current financial assets	6	1,772,285	1,910,934
Cash and cash equivalents		142,133	153,515
Other current assets		12,290	9,485
Total current assets		5,005,146	5,192,256
NON-CURRENT ASSETS HELD FOR SALE		18	13
TOTAL ASSETS		6,666,147	6,865,190

EQUITY AND LIABILITIES	Note	31-03-2019	30-09-2018
EQUITY:			
Share capital	8	26,550	26,550
Share premium		867,808	867,808
Reserves of the Parent		33,900	25,594
Reorganisation reserves		(753,349)	(753,349)
Reserves at consolidated companies		219,958	221,370
Translation differences		15	35
Reserve for first-time application of IFRSs		19,950	19,950
Consolidated profit for the period		74,681	156,706
Interim dividend		-	(46,314)
Treasury shares	8	(9,893)	(8,348)
Equity attributable to shareholders of the Parent		479,620	510,002
Minority interests		1,792	1,606
Total equity		481,412	511,608
NON-CURRENT LIABILITIES:			
Other non-current financial liabilities	7	3,436	4,146
Long-term provisions	9	38,276	38,931
Deferred tax liabilities		270,072	279,673
Total non-current liabilities		311,784	322,750
CURRENT LIABILITIES:			
Other current financial liabilities	7	39,828	32,850
Trade and other payables		1,188,667	1,021,403
Tax payables		4,565,903	4,897,920
Short-term provisions	9	15,062	11,583
Other current liabilities		63,492	67,076
Total current liabilities		5,872,951	6,030,832
TOTAL EQUITY AND LIABILITIES		6,666,147	6,865,190

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated balance sheet at 31 March 2019

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

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2019 AND 2018

(Thousands of Euros)

	Note	31-03-2019	31-03-2018
Revenue	12	4,764,636	4,466,451
Procurements		(4,197,256)	(3,921,201)
Gross profit		**567,380**	**545,250**
Cost of logistics networks:			
Staff costs		(96,107)	(86,301)
Transport costs		(123,371)	(119,134)
Provincial sales office expenses		(38,322)	(37,702)
Depreciation and amortisation charge		(43,276)	(42,227)
Other operating expenses		(97,866)	(99,092)
Total cost of logistics networks		(398,942)	(384,456)
Commercial expenses:			
Staff costs		(23,939)	(22,455)
Other operating expenses		(12,641)	(11,869)
Total commercial expenses		(36,581)	(34,324)
Research expenses:		(1,362)	(1,024)
Head office expenses:			
Staff costs		(29,824)	(29,166)
Depreciation and amortisation charge		(782)	(823)
Other operating expenses		(9,580)	(9,275)
Total head office expenses		(40,186)	(39,264)
Share of results of companies		875	782
Net loss on disposal and impairment of non-current assets	5	2,472	38
Other results		(12)	6
Profit from operations		**93,643**	**87,007**
Finance income		6,660	6,132
Finance costs		(910)	(815)
Profit before tax	12	**99,393**	**92,325**
Income tax	14	(24,526)	(21,235)
Profit for the period from continuing operations		**74,867**	**71,090**
Loss for the period from discontinued operations net of tax		-	-
Profit for the period		**74,867**	**71,090**
Attributable to-			
Shareholders of the Parent Company		74,681	71,127
Minority interests		186	(37)
Basic earnings per share	3	**0.56**	**0.55**

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 2019.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2019 AND 2018

(Thousands of Euros)

	31-03-2019	31-03-2018
Profit for the year	**74,867**	**71,090**
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	(20)	(14)
Net gain (loss) on taxes recognised directly in equity	-	-
Total other comprehensive income	**(20)**	**(14)**
Total comprehensive income fot the year	**74,847**	**71,076**
Attributable to-		
Shareholders of the Parent Company	74,661	71,113
Minority interests	186	(37)
Total atributable	**74,847**	**71,076**

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 2019.

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 2019 AND 2018

(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 2017	26,550	867,808	16,706	(753,349)	216,374	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)	-	71,127	-	-	71,113	-	71,113
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	(37)	(37)
Income and expenses recognised in the period	-	-	-	-	-	(14)	-	71,127	-	-	71,113	(37)	71,076
I. Transactions with Shareholders:													
Distribution of profit:													
To reserves	-	-	10,142	-	4,762	-	-	(14,904)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(138,958)	39,708	-	(99,250)	-	(99,250)
On treasury shares operations :	-	-	(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)	221,136	76	19,950	71,127	-	(8,348)	469,229	1,829	471,058
	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 2018	26,550	867,808	25,594	(753,349)	221,370	35	19,950	156,706	(46,314)	(8,348)	510,002	1,606	511,608
Adjustment IFRS 9 first adoption	-	-	-	-	(56)	-	-	-	-	-	(56)	-	(56)
Balance at 1 October 2018	26,550	867,808	25,594	(753,349)	221,314	35	19,950	156,706	(46,314)	(8,348)	509,946	1,606	511,552
Net profit for the period attributable to the Parent	-	-	-	-	-	(20)	-	74,681	-	-	74,661	-	74,661
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	186	186
Income and expenses recognised in the period	-	-	-	-	-	(20)	-	74,681	-	-	74,661	186	74,847
I. Transactions with Shareholders:													
Distribution of profit:													
To reserves	-	-	10,164	-	(1,614)	-	-	(8,550)	-	-	-	-	-
Dividends (Note 3)	-	-	-	-	-	-	-	(148,156)	46,314	-	(101,843)	-	(101,843)
On treasury shares operations (Note 8b):	-	-	(3,325)	-	-	-	-	-	-	(1,545)	(4,870)	-	(4,870)
II. Other changes	-	-	1,467	-	258	-	-	-	-	-	1,725	-	1,725
Balance at 31 March 2019	26,550	867,808	33,900	(753,349)	219,958	15	19,950	74,681	-	(9,893)	479,620	1,792	481,412

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 2019.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIODS ENDED
31 MARCH 2019 AND 2018
(Thousands of Euros)

	Note	31-03-2019	31-03-2018
1. OPERATING ACTIVITIES:			
Consolidated profit before tax from continuing operations		**99,393**	**92,325**
Adjustments for-			
Profit of companies accounted for using the equity method		(875)	(782)
Depreciation and amortisation charge		44,156	43,105
Period provisions		12,591	1,697
Proceeds from disposal of non-current assets		(2,472)	(41)
Financial profit		(5,750)	(5,317)
Other results		1,447	1,473
Adjusted profit		**148,490**	**132,460**
Net change in assets / liabilities-			
(Increase)/Decrease in inventories		(5,286)	1,055
(Increase)/Decrease in trade and other receivables and other current assets		(9,355)	(96,068)
Increase/(Decrease) in trade payables		167,889	(31,686)
Increase/(Decrease) in other current and non-current liabilities		(364,414)	421,362
Income tax paid		27,418	(21,880)
Finance income and costs		5,852	5,317
Total net cash flows from operating activities (I)		**(29,406)**	**410,560**
2. INVESTING ACTIVITIES:			
Net investment in property, plant and equipment		(15,297)	(12,362)
Net investment in intangible assets		(6,070)	(3,652)
Variation of other current and non-current financial assets		137,546	(143,897)
Disposals of non-current held for sale assets		-	-
Total net cash flows from investing activities (II)		**116,179**	**(159,911)**
3. FINANCING ACTIVITIES:			
Dividends paid (-)	3	(101,843)	(99,250)
Other equity instruments		(3,554)	(3,366)
Changes in current borrowings		7,242	471
Total net cash flows from financing activities (III)		**(98,155)**	**(102,145)**
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**(11,382)**	**148,504**
Cash and cash equivalents at beginning of year		**153,515**	**101,808**
Net change in cash and cash equivalents during the year		(11,382)	148,504
Total cash and cash equivalents at end of year		**142,133**	**250,312**

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 2019.

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 2019

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 points of sale (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 2018 were formally approved by the General Shareholders' Meeting on 26 March 2019.

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 30 April 2019 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 2018. 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 2018.

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 2018, and additionally the standards and interpretations which have an obligatory application for the Group since 1 October 2018 have been also considered. In this regards, the main applicable standards are as follows:

New Standards, Amendments to Standards and Interpretations:	Content	Obligatory Application in Annual Reporting Periods Beginning On or After
IFRS 9, Financial Instruments. Hedge classification, measurement and accounting	Financial Instruments: Replaces the IAS 39 requirements relating to the classification, measurement and derecognition of financial assets, liabilities, and hedge accounting.	1 January 2018
IFRS 15 – Revenue from Contracts with Customers (published in May 2014)	New income recognition standard (replaced IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	1 January 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle	Minor changes to a series of standards.	1 January 2018
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions	Limited amendments clarifying specific issues such as the effects of vesting conditions on cash-settled share based payments, the classification of share-based payment transactions with net settlement features and accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018
Amendment to IAS 40 Real Estate Investment Reclassification	The modification clarifies that a reclassification of an investment from or to real estate investment is only permitted when there is evidence of a change in its use	1 January 2018
Amendment to IFRS 4 Insurance contracts	Allows entities under the scope of IFRS 4, the option to apply IFRS 9 with certain exceptions or its temporary exemption.	1 January 2018
IFRIC 22 Transactions and advances in foreign currency	Establishes the date of transaction for the purpose of determining the exchange rate applicable in transactions with advances in foreign currency	1 January 2018

On 1 January 2018 the new IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers entered into force, which introduce changes in the accounting policies applied until that moment:

IFRS 9 – Financial Instruments

IFRS 9 establishes the requirements for the recognition, measurement, impairment, disposal of, and accounting for, general hedges.

In accordance with the transitional provisions of the standard, the Group has chosen the option allowing not to restate the 2017 figures presented for comparative purposes. The main impact of IFRS 9 on the Group was the recognition in the opening balance of the correction for impairment of other financial assets amounting to EUR 56 thousand.

In relation to the credit risk represented by trade receivables, the application of the new standard does not require a significant increase in the impairment losses recognised, since they are mainly current receivables with very low default rates and very short collection periods.

IFRS 15 – Revenue from Contracts with Customers

The objective of this standard is to determine the accounting treatment of revenue from the sale of goods and the provision of services to a customer.

In accordance with the transitional provisions of the standard, the Group has chosen the option that allows it not to restate the 2017 figures presented for comparative purposes. Group Management analysed the impacts of this standard for each of the businesses and countries, identifying the related items and nature of the transfers of goods and services in each of the cases. The main conclusions are as follows:

- No lines of business were identified that would require the current revenue recognition criteria to be significantly amended.
- The presentation of the assets and liabilities in the consolidated income statements does not entail any significant changes to current presentation practices.
- No significant contracts with distinct performance obligations in force were identified at the date of application of the new standard that may present differences in treatment with respect to the criteria that the Group has been applying.

In consideration of these matters, the Group has concluded that its entry into force has not had a material effect on the consolidated financial statements.

In relation to the other standards indicated with effect from 1 October 2018, its application 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:

New Standards, Amendments to Standards and Interpretations:	Content	Obligatory Application in Annual Reporting Periods Beginning On or After
IFRS 16 Leases	New standard on leases that replaces IAS 17. The standard establish just one accounting model for lessees will include all leases on the balance sheet (with some limited exceptions) as if they were financial leases (there will be amortization of the right of use and financial expenses for the amortized cost of the liability).	1 January 2019
Amendments to IFRS 9, Prepayment Features with Negative Compensation	These amendments will permit measurement at amortised cost of certain financial assets which may be put back to the issuer before maturity for an amount lower than the unpaid amounts of principal and interest on the principal amount outstanding.	1 January 2019
IFRIC 23, Uncertainty Over Income Tax Treatments (issued in June 2017)	This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over whether the relevant taxation authority will accept a tax treatment used by an entity.	1 January 2019
Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures	Clarify that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied.	1 January 2019
Amendments to IAS 19, Plan Amendments, Curtailments and Settlements	Clarify how to calculate the current service cost and net interest for the remainder of the reporting period when there is an amendment, curtailment or settlement of a defined benefit plan.	1 January 2019
Improvements to IFRSs, 2015-2017 cycle	Amendments to a series of standards.	1 January 2019

The Group estimates that the application of the new standard IFRS 16 Leases could have a significant impact on the consolidated financial statements of the Group at the time of its adoption and prospectively. In relation to the other standards with effect from 1 January 2019, the Group does not estimate a significant equity impact.

IFRS 16 – Leases

IFRS 16 establishes that companies that act as lessees must recognize an asset (the right to use the leased item) and a financial liability for the payment of leases. The only exceptions are short-term and low-value leases.

The Group acts as a lessee in a very large number of lease agreements on various assets, mainly: warehouses, office buildings and transport elements. Under current standards, a significant part of these contracts is classified as an operating lease, with the corresponding payments being recorded on a linear basis over the term of the contract, generally.

The Group is currently in the process of estimating the impact of this new standard on these contracts. This analysis includes the estimation of the lease term, based on the non-cancelable period and the periods covered by the renewal options whose exercise is discretionary for the Group and it is considered reasonably true. Additionally, assumptions are used to calculate the discount rate, which will depend mainly on the incremental debt rate of the Group according to a range established for the estimated terms. On the other hand, the Group will choose not to separately record the components that are non-lease components from those that they are, for those asset classes in which the relative importance of the non-lease components is not significant with respect to the total value of the lease.

IFRS 16 allows its application through two different transition methods, with a retroactive approach for each comparative period presented or a retroactive approach with the cumulative effect of the initial application of the standard on the date of its first application, not re-expressing the comparative figures. The Group will adopt this second transition method, so it will recognize the cumulative effect of the initial application of the new criteria in the first year of adoption of IFRS 16. Additionally, the new standard allows for certain practical solutions at the time of first application, relating to the valuation of the asset, discount rate, leases that end within twelve months after the first application, initial direct costs, and duration of the lease. The Group is evaluating which of these practical solutions will be adopted in each case.

Due to the different alternatives available, and considering the complexity of the estimates and the high number of contracts, the Group has not yet completed the implementation process. However, considering the volume of contracts affected, as well as the magnitude of the payments committed for rentals, the Group estimates that the amendments introduced by IFRS 16 will have a significant impact on the Group's financial statements from the date of adoption, including the recognition in the balance of the assets for right of use and the corresponding obligations in relation to most of the contracts that under current regulations are classified as operating leases. From the analysis performed, considering the current assumptions that result from application and based on the information available at the date of formulation of these interim financial statements, the Group estimates that the lease liability and the right of use to recognize as of 1 October 2019, date of first application of the standard, will be in an approximate range of EUR 170 and EUR 210 million.

In addition, the depreciation of the right of use of the assets and the recognition of interest on the lease obligation will replace a significant part of the amount recognized in the income statement as operating lease expense under the current standard. The classification of lease payments in the statement of cash flows will be affected by the entry into force of this new regulation. The Group's financial statements will include more extensive disclosures with relevant information in relation to lease agreements.

Furthermore, 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:

New Standards, Amendments to Standards and Interpretations:	Content	Obligatory Application in Annual Reporting Periods Beginning On or After
Amendments to IFRS 10 and IAS 28, Sale of asset between an investor and its associates and Joint Ventures	Clarification in relation to the result from this operations, from a business or an asset perspective.	No date defined
IFRS 17, Insurance Contracts (issued in May 2017) (a)	IFRS 17 supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued to ensure that entities provide relevant and reliable information that gives a basis for users of the information to assess the effect that insurance contracts have on the financial statements.	1 January 2021
Amendment to IFRS 3, Business definition	Clarifications to the business definition	1 January 2020
Amendment to IAS 1 and IAS 8, definition of materiality	Modifications to align the definition with that contained in the conceptual framework	1 January 2020

(a) Standards not yet adopted by the European Union.

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 2018.

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, including those of a fiscal nature as well as the risk assessment assigned to contingent liabilities.
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 2019, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. This would be done prospectively, recognising the effects of the changes in accounting estimates in the relevant future financial statements.

d) Comparability of the information

The information relating to the first semester of 2018 and 30 September 2018 contained in these notes to the interim condensed consolidated financial statements is presented with the information relating to the period ended 31 March 2019 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 2019

On 14 March 2019 the subsidiary José Costa & Rodrigues, Lda. was merged by absorption into MIDSID – Sociedade Portuguesa de Distribuiçao, S.A., which gave rise to the dissolution of the former and transfer of the equity of José Costa & Rodrigues, Lda. to MIDSID – Sociedade Portuguesa de Distribuiçao, S.A., the absorbing company.

On 27 March 2019 the Extraordinary General Meeting of Logista Publicaciones approved the merger by absorption of the subsidiary Compañía de Integral Distribución de Publicaciones, S.L.U. (absorbing company) and Distribérica, S.A.U. (absorbed company), without liquidation and transmitting in block the equity from the absorbed to the absorbing company, which will be subrogated in all the rights and obligations. As a result, Distribérica, S.A.U. was declared dissolved and extinguished, without liquidation.

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

There were no changes in the scope of consolidation during the six month period ended as of 31 March 2018.

3. Dividends paid by the Parent Company

a) Dividends paid by the Parent Company

On 26 March 2019 the Shareholders´ General Meeting of the Parent Company has approved the distribution of the result of 2018, which included an interim dividend of result of that year that was approved by the Board of Directors and liquidated before, of EUR 46,314 thousand and a complementary dividend of EUR 101,843 thousand, which has been paid on 29 March 2019.

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:

	31-03-19	31-03-18
Net profit for the period (thousands of euros)	74,681	71,127
Weighted average number of shares issued (thousands of shares) (*)	132,275	129,445
Earnings per share (euros)	**0.56**	**0.55**

(*) During the first six months of the period ended 31 March 2019, the Parent Company acquired through a purchase and sale agreement 159,300 treasury shares and gave to employees 98,783 treasury shares (see Note 8).

At 31 March 2019 and 2018, taking into consideration treasury shares, which are related to the long-term incentive plans, there were no dilutive effects on basic earnings per share.

4. Intangible assets

a) Goodwill

The disclosure of this caption as of 31 March 2019 and 30 September 2018 is the following:

	Thousands of Euros	
	31-03-19	30-09-18
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	2,017
Iberia, other business	486	486
Total	**920,800**	**920,800**

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 2018.

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 2019 and 2018 no impairment evidence has been identified on these assets.

b) Other intangible assets

During the first six months of 2019 and 2018 the Group has recorded additions to this caption by EUR 6,068 and EUR 3,656 thousand, respectively, which are mainly related to new functional development projects for the Group's existing applications.

During the first six months of 2019 and 2018, no impairment has been recorded on these elements.

5. Property, plant and equipment and investment property

a) Movement in the period of property, plant and equipment

During the first six months of 2019 and 2018 the Group has acquired elements of Property, plant and equipment for EUR 17,563 and EUR 12,629 thousand, respectively, mainly due to the development of a new platform in Coslada (Madrid), the development of computer systems infrastructure and to the acquisition of new semitraillers and vending machines.

b) Investment property

During the first six months of 2019 a warehouse in Sintra (Portugal) was sold with a net book value of EUR 2,384 thousand, which generated a positive impact of EUR 2,472 thousand.

c) Impairment losses

During the first six months of 2019 and 2018 no impairment has been recorded on these elements.

d) Property, plant and equipment purchase commitments

As of 31 March 2019 and 2018 the Group does not have significant Property, plant and equipment purchase commitments.

6. Other financial assets

a) Detail and disclosure

The disclosure of the Group's financial assets as of 31 March 2019 and 30 September 2018, attending to their nature and category for the purposes of their valuation, is as follows:

Financial Assets: Nature/Category	Thousands of Euros 31-03-19				
	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	-	-	-	700	700
Financial debts	194	-	-	-	194
Other financial assets	10,036	-	3,846	-	13,882
Non-current	**10,230**	**-**	**3,846**	**700**	**14,776**
Financial debts	29,498	1,742,734	-	-	1,772,232
Other financial assets	-	-	155	-	155
Impairments	-	(102)	-	-	(102)
Current	**29,498**	**1,742,632**	**155**	**-**	**1,772,285**
Total	**39,728**	**1,742,632**	**4,001**	**700**	**1,787,061**

Financial Assets: Nature/Category	Thousands of Euros 30-09-18				
	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	-	-	-	692	692
Financial debts	194	-	-	-	194
Other financial assets	-	-	3,748	-	3,748
Non-current	**194**	**-**	**3,748**	**692**	**4,634**
Financial debts	29,733	1,881,035	-	-	1,910,768
Other financial assets	-	-	166	-	166
Current	**29,733**	**1,881,035**	**166**	**-**	**1,910,934**
Total	**29,927**	**1,881,035**	**3,914**	**692**	**1,915,568**

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 2019 totalled EUR 117,814 thousand (EUR 118,815 thousand at 30 September 2018). Compañía de Distribución Integral Logista, S.A.U. has recognised EUR 29,454 thousand (30 September 2018: EUR 29,703 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 2019, for the receivables from and payables to the aforementioned joint venture that correspond to the other venturer (see Note 7).

In previous years, tax assessments were issued to Compañía de Distribución Integral Logista, S.A.U. in relation foreign trade activity settlements for years 2012-2015 amounting to EUR 13,852 thousand, which have been appealed. Of this amount, EUR 3,605 thousand have been guaranteed and the remaining amount has been paid to avoid the accrual of late payment interest.

On 6 November 2018, the Group has been notified of the unfavourable Resolution by the Central Economic-Administrative Court regarding the appeal to these tax assesments, which has been appealed at the National High Court. According to the assessment made and corroborated by its external advisers, the Group considers that the existing arguments to defend the Company's actions in this regard are sound and should prevail in the courts, for which reason an outflow of financial resources is not considered probable and, consequently, the Group has not recognised a provision for the first tax assessment and has recognised the payment of the other years as an asset in the accompanying consolidated balance sheet as at 31 March 2019, although derived from the appeal and given the estimated time of resolution, greater than one year, the amount of this asset has been reclassified from current to non-current asset.

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.

On 21 March 2018, Imperial Brands Finance Limited transferred the rights and obligations under the aforementioned credit line agreement to Imperial Brands Finance, PLC., and the maturity was extended to 12 June 2024.

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, 2018.

b) Impairments

Based on IFRS 9 application, impairment losses on loans granted to related companies have been recognized for EUR 102 thousand.

7. Other current financial liabilities

The disclosure of the Group's financial liabilities as of 31 March 2019 and 30 September 2018, attending to their nature and category for the purposes of their valuation, is as follows:

	Thousands of Euros			
	31-03-19			
Financial liabilities: Nature / Category	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	-	-	3,436	3,436
Non-current financial liabilities	-	-	**3,436**	**3,436**
Other financial liabilities	29,454	10,374	-	39,828
Current financial liabilities	**29,454**	**10,374**	-	**39,828**
Total	**29,454**	**10,374**	**3,436**	**43,264**

Financial liabilities: Nature / Category	Thousands of Euros 30-09-18 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	-	-	4,146	4,146
Non-current financial liabilities	-	-	**4,146**	**4,146**
Other financial liabilities	29,703	3,147	-	32,850
Current financial liabilities	**29,703**	**3,147**	-	**32,850**
Total	**29,703**	**3,147**	**4,146**	**36,996**

8. Equity

a) Share capital

On 31 March 2019 and 30 September 2018 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 2019 and 30 September 2018 was Altadis, S.A.U., with an ownership interest of 50.01%.

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 2018, the Parent Company has purchased 159,300 treasury shares for EUR 3,554 thousand in the first semester of 2019.

In addition, 98,783 shares have been given to employees of the Group, as a consequence of the end of the second block of 2014 General and Special Incentive Plan, for a total amount of EUR 2,010 thousand.

At 31 March 2019, the Parent Company holds 486,013 treasury shares, representative of the 0.37% 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 2019 and 2018 and of the main changes therein in the periods is as follows:

	Thousands of Euros 30-09-18	Additions	Reversion	Use	Transfers	31-03-19
Tax assessments	10,859	37	-	-	-	10,896
Obligations to employees	19,493	890	(641)	(583)	(30)	19,129
Provision for contingencies and charges	5,908	839	(362)	(876)	-	5,509
Other	2,671	77	(6)	-	-	2,742
Non-current provisions	**38,931**	**1,843**	**(1,009)**	**(1,458)**	**(30)**	**38,276**
Provision for restructuring costs	4,821	6,677	(393)	(879)	-	10,226
Customer refunds	2,162	58	(4)	-	-	2,216
Other	4,600	497	(1,205)	(1,262)	(10)	2,620
Current provisions	**11,583**	**7,232**	**(1,602)**	**(2,141)**	**(10)**	**15,062**

	Thousands of Euros					
	30-09-17	Additions	Reversion	Use	Transfers	31-03-18
Tax 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**

***b)* Provisions for tax assessments**

Compañía de Distribución Integral Logista, S.A.U. has recognised provisions for assessment as a result of inspections by the Spanish customs authorities of the returns for excise tax on tobacco products 2009 and 2010. The Company signed the assessment on a contested basis and filed appeal against it and it has recognised provisions for the principal and interest in this connection, in order to cover the eventual unfavourable decision being handed down on the appeal.

In the first six months of 2019 no significant movements were recorded with respect to this provision.

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

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 "free tobacco benefit", 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 2019, there was no significant movement in relation to these provisions.

The payments performed during these periods amounted to EUR 583 thousand and EUR 443 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 2019 and 2018, EUR 6,677 thousand and EUR 803 thousand, respectively, have been accrued for and EUR 879 thousand and EUR 2,876 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 2019 and 2018, 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 2019 and 2018 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 2018 provides information regarding the bank guarantees and contingent liabilities as of such date. During the first six months of 2019 there have not been significant changes in the Group's contingent assets and liabilities, additional to those described in Note 15 of these interim condensed consolidated Financial Statements in relation to the enforcement proceedings by the Spanish National Markets and Competition Commission.

In 2017 a 5.6% social contribution was established over sales of tobacco suppliers in France, which was paid initially by Logista France to the French tax authorities and subsequently re-billed to the tobacco manufacturers, some of which refused to make the related payment and amounting to EUR 128 million the pending collection amount for the contribution 2017 and 2018. Logista France, S.A.S. has opted not to pay to these manufacturers the equivalent amount to the invoices received. In this connection, a claim was filed against the Group by one of the main manufacturers, which was provisionally dismissed by the courts on 24 September 2018. At the date of preparation of these financial statements, the manufacturer has reopened the aforementioned claim and other manufacturer has iniciated a new claim in similar terms. However, the position of the Group's Directors, together with the legal support of its advisers, has not been modified and no provision has been recorded.

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 2019 and 2018, as well as the balances at the end of 31 March 2019 and 30 September 2018, 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		
	31-03-19		
	Main Shareholder	Individuals, group, companies or entities	Total
Expenses:			
Services received	-	1,443	1,443
Procurements	166,029	306,023	472,052
Financial expense	-	37	37
	166,029	**307,503**	**473,532**
Income:			
Financial income	-	6,389	6,389
Services rendered	4,815	29,227	34,042
	4,815	**35,616**	**40,431**

Expenses and income	Thousands of Euros		
	31-03-18		
	Main Shareholder	Individuals, group, 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**

Balances

Balances	Thousands of Euros		
	31-03-19		
	Main Shareholder	Individuals, group, companies or entities	Total
Debitors:			
Credits (Note 6)	-	1,742,632	1,742,632
Accounts receivable	2,119	12,769	14,888
	2,119	**1,755,401**	**1,757,520**
Creditors:			
Loans (Note 7)	-	10,374	10,374
Accounts payable	43,801	168,230	212,031
	43,801	**178,604**	**222,405**

Balances	Thousands of Euros		
	30-09-18		
	Main Shareholder	Individuals, group, companies or entities	Total
Debitors:			
Credits (Note 6)	-	1,881,035	1,881,035
Accounts receivable	1,899	21,842	23,741
	1,899	**1,902,876**	**1,904,775**
Creditors:			
Loans (Note 7)	-	3,147	3,147
Accounts payable	48,292	135,219	183,511
	48,292	**138,366**	**186,058**

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 2018 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 2019 and 2018 totalled EUR 4,592 thousand and EUR 4,088 thousand, respectively.

In addition, corporate contributions to pension plan for the first six months of 2019 and 2018 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 2019 and 2018 amounted to EUR 7 thousand in both periods.

The Directors' third-party liability insurance in the first six months of 2019 and 2018 amounted 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 2019 and 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 Executives

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

The remuneration earned during the first six months of 2019 by the members of the Management Committee, excluding executive directors, amounted to EUR 3,646 thousand (EUR 4,039 thousand in the first six months of 2018).

The period contributions to the pension plans for members of the Management Committee in the first six months of 2019 and 2018 amounted to EUR 17 thousand and EUR 24 thousand, respectively.

Incentive Plans

In Note 4.12 of the Notes to the Consolidated Financial Statements of the Group for the year ended 30 September 2018 incentive plans in force are detailed.

In particular, in relation to the General and Special long-term incentive Plans 2017 approved on 21 March 2017, on 29 January 2019 the Board of Directors has approved the list of beneficiaries and maximum number of shares to be distributed to the vesting period 2019-2021, amounting to 60 people for the General Plan and 9 for the Special Plan and 202,934 shares, respectively.

On 23 January 2018 the Board of Directors 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 4 June 2014, on 24 January 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.

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 29 January 2019, in relation to the General and Special long-term incentive Plan 2014, the Boards of Directors approved the shares finally granted related to 2016-2018 consolidation period, amounting to 158,699 shares.

12. <u>Segmented information</u>

The Note 24 to the Group's consolidated financial statements for the year ended 30 September 2018 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 2019 and 2018 is as follows:

Revenues by Geographical area	Thousands of Euros	
	31-03-19	31-03-18
Iberia	1,468,929	1,315,878
Italy	1,391,422	1,236,850
France	1,923,554	1,938,048
Corporate and others	3,417	3,689
Inter-segment sales	(22,686)	(28,014)
Total	**4,764,636**	**4,466,451**

The reconciliation of the segmented profit before tax with the consolidated profit before tax as of 31 March 2019 and 2018 is as follows:

Profit before tax	Thousands of Euros	
	31-03-19	31-03-18
Segments		
Iberia	61,821	55,494
Italy	39,080	37,626
France	(893)	(434)
Corporate and others	(7,240)	(6,460)
Share of results of companies	875	782
Financial result	5,750	5,317
PROFIT BEFORE TAX	**99,393**	**92,325**

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

	31-03-19				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	150,906	23,795	46,661	167	221,529
Other non-current assets	76,625	672,937	688,796	1,114	1,439,472
Inventories	421,525	335,686	434,437	-	1,191,648
Trade receivables	516,531	319,923	1,005,951	908	1,843,313
Other current assets					1,970,185
Total consolidated assets					**6,666,147**
Liabilities-					
Non-current liabilities	108,564	40,510	162,710	-	311,784
Current liabilities	1,468,980	1,641,309	2,761,768	894	5,872,951
Equity					481,412
Total consolidated liabilities					**6,666,147**

	30-09-18				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	150,790	24,218	46,403	133	221,544
Other non-current assets	63,820	671,524	714,976	1,071	1,451,390
Inventories	443,567	329,901	415,075	-	1,188,543
Trade receivables	552,523	332,456	960,124	1,143	1,846,246
Other current assets					2,157,466
Total consolidated assets					**6,865,190**
Liabilities-					
Non-current liabilities	110,330	40,850	171,570	-	322,750
Current liabilities	1,634,251	1,572,989	2,822,706	887	6,030,833
Equity					511,608
Total consolidated liabilities					**6,865,190**

13. Average number of employees

The average number of employees at the Group for the first six months of the period ended 31 March 2019 and 2018 is as follows:

	31-03-19	31-03-18
Men	3,701	3,637
Women	2,175	2,077
Total	**5,876**	**5,714**

14. Tax matters

The calculation of the income tax at 31 March 2019 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 corporation income tax of fiscal years 2014 and 2015 for Logista Italia, S.p.A. are in process of inspection. In Spain, five companies of the Group (Compañía de Distribución Integral Logista, S.A.U, Compañía de Distribución Integral Logista Holdings, S.A., Dronas 2002, S.L.U., Logesta Gestión de Transporte, S.A.U. and Compañía de Distribución Integral de Publicaciones Logista, S.L.U.) are in process of inspection for corporation income tax of fiscal years 2012-2016, VAT from 2013 to 2017, withholdings from 2014 to 2016 and additionally, excise duties of year 2016 for Compañía de Distribución Integral Logista, S.A.U.

Compañia de Distribución Integral Logista, S.A.U. has open for review the fiscal years 2017 and 2018 for corporation income tax, the year 2018 for VAT, the years 2017 and 2018 for withholdings, since 2017 for customs duties, the years 2015, 2017 and 2018 for excise duties, and the last four years for the other taxes.

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 open for review 10 years for Excise duties and the fiscal year 2016 for corporation income tax.

15. Subsequent events

On 12 April 2019 the Board of the National Commission on Markets and Competition (CNMC) notified its Resolution of 10 April 2019 related to the enforcement proceedings described in Note 22 of the Consolidated Financial Statements for the year ended 30 September 2018, for possible exchange of information on sales of cigarettes from year 2008 to 2017 among certain tobacco manufacturers, and that Compañía de Distribución Integral Logista, S.A.U, made available to them, pursuant to the neutrality and non-discrimination principle.

In the aforementioned resolution, the CNMC expressly considers that the conduct was not intended to restrict competition and, therefore, such conduct cannot be qualified as a cartel. However, it is considered that this conduct is restrictive due to its effects, even potential, in the market for the manufacturing and sale of cigarettes, imposing a penalty of EUR 20.9 million to Compañía de Distribución Integral Logista, S.A.U. The CNMC does not prove nor demonstrate that Logista's sales information has produced the alleged restricting effects on the competition among manufacturers that CNMC attributes to it.

Compañía de Distribución Integral Logista, S.A.U. has confirmed that the aforementioned information, free of charge, has been made available to all manufacturers that distribute their products with Logista, with the lawful purpose that they can verify the strict compliance of the principle of neutrality, in the action of Compañía de Distribución Integral Logista, S.A.U. as a wholesaler in the tobacco market.

In this sense, Parent Company's directors, with the legal support of their advisors, consider that this Resolution, which is not final, is not in compliance with the law and the corresponding contentious-administrative appeal at the National High Court will be filed, considering improbable any impact on the equity situation and results of the Group. As a result, a provision for this concept has not been recorded.

16. Explanation added for translation to English

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

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

Consolidated Directors Report of six months ended on March 31st 2019

COMPANY'S DESCRIPTION

The Logista Group is the leading distributor of products and services to proximity retailers in Southern Europe.

Logista facilitates the best and fastest marketing of products and services through a capillary network of points of sale close to the end consumer, becoming the best partner for manufacturers and points of sale by means of a specialized, highly added value, intelligent and unique distribution service in Southern Europe.

Logista distributes tobacco and convenience products, e-transactions, pharmaceuticals, books, publications and lotteries, among other, to some 300,000 points of sale in capillary networks.

Logista's activity is carried out in three main geographies: Iberia (Spain and Portugal), France and Italy. In addition, Logista distributes tobacco products to wholesalers in Poland.

Organizational structure

Logista's corporate governance is based on the following governance bodies:

- General Shareholders' Meeting
- Board of Directors
- Audit & Control Committee
- Appointments & Remuneration Committee
- Top Management

The Group's organizational structure is based on General Directorate by countries, headed by a responsible to whom the country's business lines Managers report.

The management accounting report follows this primary segmentation by geography, existing a secondary report regarding Revenues and Economic Sales[1] figures by activity.

Business lines

The Logista Group includes its activities in three business lines:

- Distribution of tobacco and related: includes the distribution of tobacco and convenience products and e-transactions, among other, in Iberia, France and Italy.
- Transport: includes the Nacex and Integra2 activity, the Group's transport networks dedicated to parcel and express courier and to temperature-controlled capillary transport respectively, and Logesta activity, the Logista Group's subsidiary specialized in long distance and full load transport management.
- Other businesses: includes the distribution and logistics services of pharmaceuticals and the distribution of publications in Iberia, as well as the wholesale distribution services of convenience products to other points of sale (not tobacconists) in France.

[1] See appendix "Alternative Performance Measures"

EVOLUTION OF THE LOGISTA GROUP DURING THE FIRST SIX MONTHS OF THE FISCAL YEAR 2019

Logista recorded very positive results during the first half of 2019. Main highlights:

- The progress of Revenues and Economic Sales[1] that grew 6.7% and 4.1% respectively
- The positive evolution of Adjusted Operating Profit[1], progressing by 10.5% and Profit from operations increasing by 7.6%, as a consequence of the good performance recorded by the activity
- The increases in Profit Before Taxes and Net Income despite recording a higher corporate income tax rate than in the first half last year

Financial overview

Data in Million Euros	1 Oct. 2018 – 31 March 2019	1 Oct. 2017 – 31 March 2018	% Change
Revenues	4,764.6	4,466.5	+6.7%
Economic Sales[1]	567.4	545.2	+4.1%
Adjusted Operating Profit[1]	126.1	114.1	+10.5%
Margin over Economic Sales[1]	22.2%	20.9%	+130 b.p.
Profit from operations	93.6	87.0	+7.6%
Net Income	74.7	71.1	+5.0%

During the first semester of current fiscal year, the Group has faced a political, social and macroeconomic environment relatively complicated, during which much of the uncertainties existing in the previous months continued being present (the US-China commercial tensions, the way UK is going to leave the European Union, Italy entering into technical recession, the French social protests, etc.). All these factors did not contribute to see a clear recovery of private consumption, which largely continues to be stagnant in France and Italy and is slowing down in Spain.

Despite these circumstances, the Group has recorded a positive activity evolution, practically in all business lines. Per activities, Pharma, distribution of convenience products in all geographies and channels as well as Transport recorded the most positive performance whereas the activities linked to Tobacco distribution in Spain and Italy recorded the weakest performance.

Group Revenues grew by 6.7% over the six first month of preceding year. During the period, the accounting criteria of tobacco sales in Portugal has been modified to adequate it to the practice of the rest of the Group. This change exclusively affects to the Revenues figure, in €96.2 million. The increase registered in the Group's Revenues, excluding this effect, has been of 4.5%.

Economic Sales[1] grew by 4.1% thanks to the improvements recorded by the activity in Iberia and France, which offset the slight reduction experienced in Italy.

The evolution of distributed volumes (cigarettes plus RYO and others) during the first semester vs. the same period of fiscal year 2018 (-1.4%) was slightly better than the -2.2% yearly variation in fiscal year 2018 vs. fiscal year 2017. France recorded reductions of distributed cigarettes volumes while in Spain and Portugal distributed volumes increased and remained stable in Italy.

The movements in prices, taxes and commissions on tobacco products occurred in the first six months of this fiscal year had a positive impact in the results of the semester, derived from the Group's inventory valuation, that was slightly above the positive impact registered in the first half of the preceding fiscal year.

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[1] See appendix "Alternative Performance Measures"

Total operating costs[1] grew by 2.4%, below the increase of Economic Sales[1] and recurring activity (not taking into consideration the positive impact on inventories recorded in both fiscal years), in spite of the fact that the cost base in France is still over-dimensioned with respect to the current volumes (reason why a restructuring process has been started in the country) and the margin dilution effect as a consequence of the important growth experienced by the Transport activity.

Adjusted EBIT[1] reached €126.1 million (+10.5% above previous year) which, together with a much higher restructuring costs[1] during the period (€9.6 million compared to €1.7 million) but partially offset by the capital gain from the sale of a building in Portugal (€2.5 million), contributed to a 7.6% Profit from Operations increase vs. last year, reaching €93.6 million.

The Adjusted EBIT margin over Economic Sales[1] reached 22.2% compared to the 20.9% obtained in the same period of fiscal year 2018.

Financial Results this fiscal year reached €5.8 million compared to €5.3 million registered in the first half of fiscal year 2018.

The Tax rate in the period was 24.7% vs. the 23.0% recorded during the same period of last year.

Because of all the above mentioned, the Net Income went up by 5.0% to €74.7 million.

[1] See appendix "Alternative Performance Measures"

Revenues Evolution (By Segment and Activity)

Data in Million Euros	1 Oct. 2018 – 31 March 2019	1 Oct. 2017 – 31 March 2018	% Change
Iberia	**1,468.9**	**1,315.9**	**11.6%**
Tobacco & Related	1,262.2	1,108.5	13.9%
Transport Services	193.9	184.6	5.0%
Other Businesses	76.9	71.1	8.2%
Adjustments	(64.1)	(48.3)	(32.7)%
France	**1,923.6**	**1,938.0**	**(0.7)%**
Tobacco & Related	1,841.5	1,853.6	(0.7)%
Other Businesses	86.7	88.0	(1.4)%
Adjustments	(4.6)	(3.6)	(26.4)%
Italy	**1,391.4**	**1,236.9**	**12.5%**
Tobacco & Related	1,391.4	1,236.9	12.5%
Corporate & Others	**(19.3)**	**(24.3)**	**20.8%**
Total Revenues	**4,764.6**	**4,466.5**	**6,7%**

Economic Sales[1] Evolution (By Segment and Activity)

Data in Million Euros	1 Oct. 2018 – 31 March 2019	1 Oct. 2017 – 31 March 2018	% Change
Iberia	**292.0**	**276.8**	**5.5%**
Tobacco & Related	134.0	131.8	1.7%
Transport Services	136.7	126.2	8.3%
Other Businesses	44.0	41.4	6.3%
Adjustments	(22.7)	(22.6)	(0.3)%
France	**134.9**	**125.6**	**7.4%**
Tobacco & Related	113.8	105.0	8.4%
Other Businesses	24.6	23.5	4.7%
Adjustments	(3.5)	(2.9)	(21.1)%
Italy	**139.0**	**142.1**	**(2.2)%**
Tobacco & Related	139.0	142.1	(2.2)%
Corporate & Others	**1.5**	**0.8**	**91.6%**
Total Economic Sales[1]	**567.4**	**545.2**	**4.1%**

[1] See appendix "Alternative Performance Measures"

Adjusted EBIT[1] Evolution (By Segment)

Data in Million Euros	1 Oct. 2018 – 31 March 2019	1 Oct. 2017 – 31 March 2018	% Change
Iberia	59.6	56.5	5.5%
France	33.0	26.0	26.9%
Italy	40.6	37.8	7.2%
Corporate & Others	(7.2)	(6.2)	(14.6)%
Total Adjusted EBIT[1]	**126.1**	**114.1**	**10.5%**

Adjusted Operating Profit[1] (or indistinctly Adjusted EBIT[1]) 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[1] and typical margins of the Group. The following table shows the reconciliation between Profit from Operations and Adjusted Operating Profit[1] for H1 fiscal years 2019 and 2018:

Data in Million Euros	1 Oct. 2018 – 31 March 2019	1 Oct. 2017 – 31 March 2018
Adjusted Operating Profit[1]	**126.1**	**114.1**
(-) Restructuring Costs[1]	(9.6)	(1.7)
(-) Amortization of Assets Logista France	(26.1)	(26.2)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	2.5	0.0
(+/-) Share of Results of Companies and Others	0.9	0.8
Profit from Operations	**93.6**	**87.0**

BUSINESS REVIEW

1. Iberia: Spain and Portugal

The Iberia segment's Revenues increased to €1,469.9 million compared to €1,315.9 million in the first six months of fiscal year 2018, recording an 11.6% growth. The Economic Sales[1] of the segment reached €292.0 million, a 5.5% ahead of the €276.8 million recorded in the preceding fiscal year.

Revenues in Tobacco and related products increased by 13.9%, because of the growth of the activity both in Spain and in Portugal.

The cigarette volumes distributed in Spain during the first semester of current fiscal year went up by 1.3% compared to the preceding fiscal year, turning around the negative trend in that period compared to the fiscal year 2017 (-2.6%). Distributed volumes of RYO (that includes the heated tobacco consumables) and cigars also maintained a more favourable trend than the previous fiscal year, increasing by 9.0% and reducing by 1.9%, respectively compared to -1.5% and -3.3% in the yearly comparison of the first half of the preceding year.

Generally, tobacco manufacturers maintained the retail selling price of their products stable during the first semester of the fiscal year. This behaviour contrasts with the 5 cents increase in the pack of cigarettes during the first months of last year that translated into a positive impact on the results in the first semester of that fiscal year.

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[1] See appendix "Alternative Performance Measures"

The Economic Sales[1] from the distribution of convenience products increased significantly compared to the fiscal year 2018 and continue gaining penetration, especially in tobacconists, and at the same gaining weight in other channels as, for example, petrol stations.

Thus, Economic Sales[1] in Tobacco and related products grew by 1.7% comparing to fiscal year 2018 due to the good performance of the activity in the current that more than offset the positive impact of tobacco selling price increases in the preceding year.

Revenues in Transport recorded again, as a whole, a very solid performance, growing by 5.0%. However, the Economic Sales[1] performance has differed among the activities, being stable in Long distance while in Courier and Industrial parcel increased very significantly. Economic Sales[1] in Transport went up by 8.3% to €136.7 million.

The Parcel and Courier subsidiaries have maintained the leadership position in their respective market segments, derived from a continuous bet on differentiation, which has allowed them to continue achieving solid growth indicators in the fiscal year, especially significant in courier.

Revenues in Other Businesses (which includes Pharma and publications activities) increased by 8.2% reaching €76.9 million and Economic Sales[1] went up by 6.3% to €44.0 million.

Pharma business grew double digits in the period, joining growth of pre-existing activity and incorporation of new agreements during the period.

In the first six months of current fiscal year, the distribution of publications in Spain has suffered reductions in Revenues and Economic Sales[1] as the difficult competitive situation in the sector has worsened.

Total operating expenses[1] in the Iberia segment increased by 5.5% in the first semester, in line with the increase reported in Economic Sales[1]. However, the rise in costs was below the increase in Economic Sales[1] if last year's positive impact over results from the valuation of inventories due to tobacco price increases is excluded.

Adjusted Operating Profit[1] reached €59.6 million, an increase of 5.5% with respect to the first half of last year.

In the fiscal year the restructuring costs[1] amounted €0.4 million, while in the preceding year were €1.0 million that together with, among other factors, the capital gain from the sale of a building in Portugal (€2.5 million) allowed to increase by 11.4% Profit from Operations to reach €62.7 million versus €56.3 million recorded in the first half of fiscal year 2018.

2. France

Revenues from the France segment reduced by 0.7% to €1,923.6 million while Economic Sales[1] increased by 7.4%, to reach €134.9 million.

Tobacco and related products Revenues fell by 0.7% to €1,841.5 million due to the decline experienced by distributed tobacco volumes vs. last year, both in cigarettes (-7.3%) and in RYO, that includes as well heat-not-burn consumables (-6.1%).

The decline experienced by tobacco volumes was mainly due to the significant rise in the retail selling price of these products during fiscal year 2018 and current fiscal year, as a consequence of the schedule by the French Government to raise excise taxes until 2020.

As of 1 March 2019 the increase of 50 cents of the tobacco excise taxes foreseen in the mentioned excise tax increase plan which target is to raise the price of a cigarette pack to 10 euros in year 2020 took place. Additionally, as happened last fiscal year, a new increase in the commission the tobacconists receive on the sale of tobacco products entered into force on 1 January.

The reaction in the retail selling price of the pack of 20 cigarettes has been a rise that reached, depending on the manufacturers and for most of the brands, between 50 and 80 cents during the second quarter of this fiscal year (increasing the price of the most sold brand to €8.80), which has represented a slight positive net global impact in the valuation of Group's inventories at the end of the first semester.

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[1] See appendix "Alternative Performance Measures"

In the same period last year, tobacco manufacturers passed-through only partially the tax increases in November and March (€1.35 in total) and did not pass-through the increase of the tobacconists' commission to the consumers. The global impact on the Group's valuation of inventories of these movements of prices, taxes and commissions was negative in the first semester of fiscal year 2018.

The revenues of convenience products as well as electronic transactions suffered declines in the first half of current fiscal year. However, in both cases the performance of Economic Sales[1] was positive in the period, being this performance noteworthy in electronic transactions as this is the first time, after a long period of declining trend, that they grow.

As a consequence of all these, thanks to the positive performance of all business lines, Economic Sales[1] of Tobacco and related products increased vs. the previous fiscal year (+8.4% to €113.8 million), despite lower distributed volumes that caused a reduction of 0.7% of Revenues.

The Other Businesses activity (wholesale distribution of convenience products in non-tobacconist channels) experienced a slight decrease of 1.4% in Revenues, in a still difficult consumption environment, characterised by a strong price competition. However, the strategic selection of clients by profitability as well as by category of products with a higher margin help improving Economic Sales[1], that grew by 4.7% compared to the same period of the previous fiscal year.

The total operating costs[1] of the France segment increased by 2.3% so Adjusted Operating Profit[1] improved to €33.0 million, a 26.9% higher than in the preceding year.

In the first months of current fiscal year, a plan for restructuring the operations of distribution of both tobacco and convenience products to tobacconists that will imply the closure of two of the warehouses operating in the country has been started, as well as the reorganisation of activities among the rest of the centres.

This way, the restructuring expenses[1] in the period (€7.7 million) were much higher than the €0.3 million registered in the first half of 2018 and drove Profit from Operations to -€0.9 million, vs. the -0.4 million recorded in the previous fiscal year. 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 increased by 12.5% to €1,391.4 million driven by a significant increase in the sale of convenience products, as well as by the higher prices of tobacco products.

The volumes of cigarettes distributed registered a slight drop in the period, 2.9%, and the RYO category, (that includes as well heat-not-burn consumable) accelerated in a significant manner its growth rate, raised by 31.8% vs. 16.0% recorded in the first half of the preceding fiscal year.

In current fiscal year, retail selling prices of tobacco in general increased during the second quarter, as a consequence of the excise tax increases in the traditional tobacco categories entering into force on 1 January 2019. The price increase was generalized and ranging from 10 to 20 cents per pack of 20 cigarettes. Likewise, during the semester, a reduction of excise taxes on the new categories of products (heat-not-burn tobacco and e-cigarettes) took place. During the first days of April the retail selling price of some of these products reduced. The global net impact of these movements in the valuation of the Group's inventories was positive in the first half results of current fiscal year.

During the first semester of the preceding fiscal year, some tobacco manufacturers raised too the price of some of their products between 10 and 20 cents, although this increase was not accompanied by an increase of taxation (beyond the slight automatic update of excise taxes derived from the weighted average price of the previous year). The net impact was positive on first half results in fiscal year 2018.

The growing trend in the distribution of convenience products has strongly accelerated in the semester and translated into a growth rate above 30% compared to the same period last year.

However, the revenues from services rendered to manufacturers linked to NGP (Next Generation Products) have reduced vs. last year.

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[1] See appendix "Alternative Performance Measures"

Because of all trends mentioned before, Economic Sales[1] in the Italy segment went down by 2.2% in the first half of current fiscal year.

Total operating costs[1] of the segment reduced by 5.6% with respect to last fiscal year, improving the drop registered in Economic Sales[1], leading Adjusted Operating Profit[1] to €40.6 million, a 7.2% higher than in the same period the preceding year.

The restructuring costs[1] linked to the gradual efficiency improvement in operations were slightly higher (€1.5 million vs. €0.2 million in 2018) translating into a 3.9% growth in Operating Profit to €39.1 million.

4. Corporate and Others

This segment includes corporate expenses and the Polish operations.

Adjusted Operating Profit[1] was €1.0 million lower than in the previous year, reaching -€7.2 million.

Financial Result evolution

The Group has a reciprocal credit facility agreement, with its majority shareholder (Imperial Brands Plc.) by which daily lends its cash excess, or receives the necessary cash to meet their payment obligations. The remuneration of the balances is set at the base rate of the European Central Bank, plus a 0.75% margin. The base rate of the European Central Bank stood at 0.0% during the first quarter of both fiscal years.

The average cash position during the first six month of the fiscal year reached €1,684 million compared to €1,543 million in the same period of the preceding fiscal year.

Financial results in the fiscal year went up by 8.1% to €5.8 million compared to €5.3 million in the first half of fiscal year 2018.

Net Income evolution

The capital gain from the sale of a building in Portugal (€2.5 million) and the improvement of Financial Results allowed to practically offset the impact of the higher restructuring costs[1] recorded in the semester (€9.6 million vs. €1.7 million) and drove Earnings Before Taxes to €99.4 million, a 7.7% above the recorded in the first six months of previous year.

The corporate tax rate registered in the period reached 24.7% compared to 23.0% the preceding year.

Net Profit climbed by 5.0% in the first half of current fiscal year to €74.7 million.

Earnings per Share were €0.56 vs. €0.55 in the first semester of fiscal year 2018, with no variations in the number of shares of the share capital.

At closing of current fiscal year, the Company owned 486,013 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.

The increase of the results in the period, the financial flows and the return of corporate income tax in the period stood well above the slight increase recorded by the investments and translated into a generation of cash in the first half, while the variation of working capital followed the customary negative trend due to the seasonality during the year. By contrast, in the first six months of the preceding fiscal year, the working capital variation temporarily had a different performance from its customary trend, reason why the cash generation was positive in the first semester of 2018.

During the second quarter of fiscal year 2019 as well as in the same period of fiscal year 2018, the final dividends corresponding to fiscal years 2018 and 2017, respectively, were paid.

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[1] See appendix "Alternative Performance Measures"

DIVIDEND POLICY

The Board of Directors approved in the General Shareholders Meeting of 26th of March 2019, the distribution of a final dividend corresponding to fiscal year 2018 of €101.84 million (€0.77 per share) that was paid on the 29th of March, 2019.

Additionally, during the third quarter of fiscal year 2018, an interim dividend of €0,35 was paid, therefore the total dividend corresponding to fiscal year 2018 amounted c. €149 million (€1.12 per share), a 6.7% higher than the total dividend distributed in fiscal year 2017.

OUTLOOK

The performance of the business during the semester of current fiscal year allows to expect that, at fiscal year end, the estimates announced at fiscal year 2018 closing are beaten.

Current trading environment and the performance of our businesses suggest that in fiscal year 2019, Adjusted EBIT[1] could record a mid to high-single digit growth with respect to fiscal year 2018.

Due to the significant reduction of the tobacco volumes distributed in France during the fiscal year 2018 and during the first months of current fiscal year, a restructuring of the network has been started to adapt it to the new level of activity, reason why restructuring costs[1] will be well ahead those recorded in fiscal year 2018. Savings derived from this restructuration will be only recovered partially in this fiscal year, but will allow obtaining an infrastructure more adapted to the lower level of activity.

On the other hand, financial results will be similar to those obtained in the current fiscal year if, as look likely, there are not variation in the reference rate of the European Central Bank; if that is the case, it would have an impact on results.

Finally, a rise in the effective Corporate Income Tax of the Group is expected, as the deductions applicable for the Group were completed in the last two fiscal years.

As a consequence of all the above, it can be expected that Net Profit records mid-single digit growth over fiscal year 2018.

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, and has the purpose of providing the Business Managers/Corporate Directorates with a holistic and integrated view of the risks, improving the Management capacity to manage risks in an efficient way and minimizing the impact in case the risks materialize.

In this Policy, different risk categories or factors are defined, in which, as part of the financial risks category, tax risks derived from the Group's operating activity are included.

On the other hand, the Group's General Policy on Internal Control of April 25th, 2017, sets up a framework for the control and management of the external and internal risks of any nature that can affect in each moment to the Group.

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.

On the other hand, the Group could be also affected by the risks derived by an unfavourable economic worldwide environment and its possible impact in the consumptions in the markets and sectors where the Group is present.

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[1] See appendix "Alternative Performance Measures"

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 (regulatory compliance risks), 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. Particularly, the Group has established a Policy on the Prevention of Risks from Crime (Corporate Defense).

- 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.

- Cibersecurity risk, due to the Group is exposed to threats and vulnerabilities in the use of technologies and information systems in the development of its different activities.

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 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 estimates at March 31st, 2019, the level of exposure at the credit risk for its financial assets is not significant.

- 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, 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.

- With regard to liquidity risk, the Group maintains enough cash and cash equivalents to face the payments derived from its usual activities. Also, if 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.

- In addition, 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.

- 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.

Likewise, the fiscal strategy defined in the Logista Group's Tax Policy has among its main objectives:

- To minimize the tax risks related to the operations, as well as to the strategic decisions of each company, 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.

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

- According to the current regulations, taxes cannot be considered definitely settled until the tax authorities have inspected them or the statute of limitations of four years has expired. Currently, the Group is subject to inspection certain exercises on certain taxes.

- On the other hand, the possibility of modifications in the tax regulation can affect 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 2019, 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. In addition, the Group faced the responsibility for settlement tax litigations, resolved against the Group, without relevant incidence in the results due to they were provisioned.

Associated risks and expected impacts on the business's strategy and activities due to the decision of UK to leave the European Union

The Group belongs to the Imperial Brands Group that has its registered office in the United Kingdom. In this sense, the Group has valuated the risks from the political and economic uncertainty and the high financial markets volatility derived from the result of the Brexit referendum, and the possible impact that it might occur.

As the Company has not significant investments, directly or indirectly, in foreign companies that operate in currency other than the euro, and does not carry out significant operations in countries with currency other than the euro, the possible effects from a cooling British economy might not have a highly impact in the development of the Logista Group's activities.

However, if United Kingdom leaves the EU implies the exit of European single market and, so, there is a restriction of the people, goods and capitals free movements; this fact might have an impact in the consumption patterns, specially the related to the tourism, although it is not expected a significant impact in the business's habitual operational.

On the other hand, the contribution of the share capital by the shareholder Imperial Brands, as well as the credit line that maintains with the majority shareholders is in euro currency. In that sense, the Company does not have any type of financing by its shareholder in euros or in sterling. Therefore, it is not impacted from interest rate variations.

However, the uncertainty related to the conditions and exit moment of the United Kingdom from the EU is maintained, so, the assessment of the impact on the European directives on taxation is pending, as well as the definitive scope of the economic scope that it will depend, in all cases, on the negotiations and the agreement reached between both parties, regarding the relationship of the United Kingdom with the single market and customs union.

CORPORATE SOCIAL RESPONSIBILITY

The Logista Group integrates ethical, business, social, environmental, economic and transparency and good corporate governance principles and values in its management and in developing its activities in all the countries where it is present.

In June 2016, the Logista Group approved its Corporate Policy on Social Responsibility, which basing on the values that characterize the Group of respect, initiative, professionalism, integrity in management and transparency in acts and relationships with stakeholders, established the Group's main commitments to the different stakeholders in corporate governance, economic, operational, environmental and social matters.

These principles, values and commitments are integrated into the Group's strategy and management model, permeating all its acts, particularly those related to its Good Governance and its relationships with shareholders and investors, employees, clients and channels, suppliers, environment and society in general, as they have been identified by the Group as its main stakeholders.

Below a brief summary of the more relevant aspects related to each stakeholder during the first half of the fiscal year 2019 is presented:

Good Governance

Logista bases its Good Governance model on the Logista Group's corporate values, on the best practices in Corporate Governance, and follows the Principles and Recommendations by the Good Governance Code of Listed Companies approved by the Comisión Nacional del Mercado de Valores (Spain's stock market supervisor), as well as on the Good Governance criteria and guidelines issued by markets supervisors and other operators; principles that support the Logista Group's Policy on Corporate Governance, approved by the Board of Directors on June 23rd, 2016.

Logista keeps permanently updated its Corporate Governance model, continuously developing, reviewing and improving the Logista Group's corporate governance rules.

Shareholders and Investors

The Group has set in 2015 a Policy on Information and Communications with shareholders, the securities markets and the public opinion that fully respects the rules against market abuse.

The Logista Group has assumed the commitment of permanent dialogue and the creation of long-term sustainable value, ensuring corporate profit as one of the bases for the future sustainability of the society in general and of the Group in particular.

With this purpose, Logista prudently manages the financial and non-financial risks. The Logista Group's Corporate Risk Management system is included in the Group's General Risk Management Policy.

This Policy, applicable to each business and country as well as to corporate directorates, has as main objective to provide the guidelines to integrate all information of the Group's different functions and operations, in order to provide the Business Managers and Corporate Directorates with an integral and joint vision of these risks, so improving the Management's ability to efficiently manage risks while minimizing the impacts if they were to be materialized.

- General Shareholders' Meeting:

All Logista's shares are of a single class and series and have the same rights, so every shareholder has the same rights on an equal and equitable basis, notwithstanding the number of shares owned.

The General Shareholders Meeting is the Company's sovereign body.

Logista promotes the participation of shareholders in the General Shareholders Meeting, the main participation channel for shareholders in the Company's decisions-making and the opportunity of sharing their opinions and concerns with the Board of Directors and the rest of shareholders.

On March 26th, 2019, the General Shareholders' Meeting 2019 was held and attended by 264 shareholders present and represented, holding 111,634,889 shares, representing 84.094% of the company's share capital.

Each and every of the proposed resolutions submitted by the Board of Directors, in relation to the different points of the Agenda, and according to their full and literal text, which was referred to the National Securities Market Commission (CNMV), last February 20th, 2019, and registered under number 274951, were approved.

Employees

Logista maintains an explicit commitment to defending the human rights 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 2019, the average staff increased to 5,875 employees (2.8% above the average staff during the previous first half of fiscal year), out of which 85% of the Group's employees were permanent, while the 15% of the employees were temporary. Regarding gender, 63% of employees were men and 37% female.

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 secures 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.

With the objective of attracting the best talent, the Logista Group is present in the main forums of the business schools, universities and jobs fairs of each country. During the period, Logista has participated in different job fairs organized by several universities and institutions, such as IGS Group, Universidad Politécnica for Industrial Engineers in Madrid, Tor Vergata university in Rome, or the job fair in Setubal, Portugal.

The Group also promotes supporting unfavoured groups with actions like recruiting people with disabilities and in risk of exclusion with the aim of helping them to enter the labour market.

On October 1st, 2018, Logista was awarded by the Avante3 Foundation for the collaboration between both organizations promoting the labour insertion of intellectual disabled people in the Madrid Region. In addition, on December 4th, 2018, Logista was awarded with the "Social Responsible Companies" of the Leganés Council.

Moreover, Logista has actively participated in different activities and forums to promote the employment of disadvantaged collectives during the period, exemplified by its participation in the employment meeting for refugees organized by the Merced Foundation, or its participation in the Red Cross event on social employment.

The Group proactively manages labour Health and Safety 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. The Group has continued to extend its OHSAS 18001:2007 certification, the international standard defining an organised management for preventing labour risks. Currently, 42% of all work centres and 43% of all Group employees are certified according to this benchmark International Standard.

Clients and Channels

The Group integrates sustainability in its goal of maximum service quality, always seeking efficiency in carrying out its operations in adequate social and environmental conditions.

Logista establishes trusting relationships with its clients, keeping stable and long lasting bonds abd that benefit both parties, securing management independence and operating neutrality.

Several certificates recognize Logista's commitment to quality, sustainability and continuous improvement in carrying out its activities and operations:

Main certificates	
ISO 9001	Quality Management System in over 300 premises
GDP (Good Distribution Practices)	Distribution of pharmaceutical products according to European and Spanish regulations
GMP (Good Manufacturing Practices)	Proper handling, relabelling and repackaging of pharmaceuticals, granted by the Spanish health authorities
OEA (Authorized Economic Operator)	Spain's AEAT (State Agency for Tax Administration) recognizes, according to its most demanding Customs Simplification, Security and Safety version, a proper customs control, financial soundness, adequate security and administrative management to ensure a satisfactory tax compliance
TAPA	Recognizes Logesta for following Facility Security Requirements (FSR) and Trucking Security Requirements (TSR) standards designed to ensure security and safe transit and warehousing of assets of any TAPA member worldwide
UNE-EN ISO 14064	Carbon Footprint calculation at Group level
ISO 14001	Environmental Management System

Suppliers

The Logista Group promotes integrating its corporate values throughout its activity's value chain to expand a responsible and sustainable management of the whole supply chain.

The process for selecting and contracting suppliers is objective and rigorous. The Group's Purchasing Policy includes its main principles regarding ethics, labour, sustainability, quality and vocation for clients, and is applied to every Group's company and business.

By applying such Policy, the Group seeks to secure maximum transparency in the contracting process, prevent fraud risks in purchasing processes and facilitate solid, mutually respectful and long-time commercial relations.

Environment

The Group has a Quality and Environment Director Plan and a Quality, Environment and Energy Efficiency Policy integrated with the corporate strategy and setting the guidelines and good practices in environmental and energy efficiency matters; including assessing and reducing our carbon footprint, continuous improvement, the strict compliance with legal requirements, the reasonable use of resources and the collaboration with organizations and stakeholders

Logista also promotes the respect for the environment among staff, customers, suppliers and the society in general. The Quality, Environment and Energy Efficiency Policy is available both in the intranet as well as in the Group's corporate website so it is known by all employees and the rest of the Group's stakeholders.

This Policy includes the definition and control of environment and quality indicators, with periodical assessment of sustainability performance as well as evaluation and reduction of the carbon footprint.

- Carbon Footprint

The Logista Group calculates the Carbon Footprint of all its businesses and activities in the different countries where it operates (Spain, Portugal, France, Italy and Poland), 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 to establish the calculation methodology. 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.

The Group's transport networks, Integra2 and now also Nacex and its subsidiary Logesta freely report to their clients the Carbon Footprint of their deliveries and transport routes through the website and the invoices.

Logista is developing a project, "Green Transport", with the main objective of controlling and managing transportation's real information (for example, actual kilometres and fuel consumption, efficient driving parameters...) in order to reduce fuel consumption and so the emissions. This project also includes the analysis, definition and implementation of short and medium-term strategies for reducing emissions.

In its effort to minimize the environmental impact of its transport services, Logista continuously works on the optimization of routes and the renewal of agreements with transport fleet including efficiency criteria, increasing Euro VI and alternative vehicles (gas, electric, etc.).

Logista manages a fleet efficiency index to prevent and reduce its emissions (emissions/(added value*distance)). This ratio has decreased during the past 3 years for the whole fleet, allowing the Group to increase the volume of its transport services, but not the emissions in the same proportion.

- Climate change

Logista integrates climate change risks into its Group's system of risks control, considering the risks and opportunities from climate change, including among others, those involved by changes in regulations, the climate itself and other climate-related developments.

In January 2019, CDP announced that the Logista Group was included by the third consecutive year in its prestigious "A List", as one of the worldwide leaders fighting climate change. After analysing data from almost 7,000 companies, Logista is one of the 4 Spanish companies and 126 worldwide companies in the "A List", being the only European distributor achieving this recognition during the last three years.

Logista annually submits information to CDP on the Group's climate change management, both at the corporate and at each businesses' levels. This information is available at CDP's web.

Additionally, Logista is part of the FTSE4Good index, created by the global indexes provider FTSE Russell and made up of companies proving solid environmental, social and corporate governance practices.

- Use of renewable energy

In the fiscal year 2014, the Logista Group started to use renewable-produced electricity. By the end of the first half of the fiscal year 2019, over 90% of the Group's premises, including every Group's directly managed centres, use this kind of energy.

- Waste management

The Group compiles and analyses information about water consumption, waste and most relevant materials consumed by the Group, using this information to optimize the savings and to minimize the environmental impact related to its activity.

Regarding this matter, the Group has significantly reduced its activities' waste through the implementation of different projects, such us using and recovering reusable cardboard boxes, the reduction of the kg package / kg transported ratio, the development of procedures to increase the reusing ratio of packaging involving customers, encouraging of packaging ordered, redesigning of formats, etc.

The emissions of waste generated in operations represent near 0.05% of the total Scope 3 emissions.

- Protection of biodiversity

The Logista Group's activity has not a direct impact in the protected areas.

- Standards for energy efficiency

Logista implements energy efficiency criteria in its distribution network, both in new and in existing facilities.

Regarding new facilities, all of them have been designed and built according to the highest energy efficiency standards. The new Group`s facilities have obtained high scores in the BREAM & LEED certificates, such as the Leed Gold certificate for the Nacex facility in Coslada (Spain) and for Logista Italia warehouse in Bologna (Italy).

In addition, energy audits are periodically carried out in all main facilities in order to identify new opportunities to improve the Group's energy efficiency.

- Methodologies for the environmental verification

The Logista Groups uses different methodologies for verification, such as Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Supplement to the GHG Protocol corporate Accounting and Reporting Standard" and UNE-EN 16258:2013. Logista Group's environmental data are internal and external reviewed and verified annually.

- Collaboration with environmental organisms and institutions

Logista collaborates with organizations and stakeholders favouring improving quality and environment, and participates and promotes initiatives on environmental protection.

Logista is founding member, together with other Spanish companies, of the Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth or GECV), 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.

Society and social actions

Logista keeps an active commitment to several social initiatives, and promotes the participation of all those related to the Group (employees, franchises, delegations, etc.) and collaborates in projects proposed by them for developing its social responsibility.

- Humanitarian, welfare and integrating initiatives

The Logista Group through its companies supports several initiatives to improve the quality of life of the most vulnerable groups.

One further year, Nacex has been the official courier of the "Christmas Ayuda en Acción", allowing the NGO to develop humanitarian aid projects, particularly, the "Ilumina su future" project in 2019 to achieve that children in Nacuta (Mozambique) receive education for their prosperity.

The Group promotes charity markets in its facilities and the collection of products for different organizations for social purposes. Thus, as example, a charity market was held in the Logista Group's headquarter during Christmas with the participation of Cruz Roja Leganés, Avante3, Prodis Foundation and the Merced Foundation. Logista France organized a collection of toys with the association "Le secours populaire".

Also during Christmas, Nacex collaborated with Unicef by acquiring solidarity Christmas decorations and NGO's charity gifts were sold at its headquarters.

Additionally, the Group continues supporting the research and palliation of diseases, through the backing of several initiatives.

Nacex promotes long-term developing collaborations. So, one further year Nacex is VIP Partner Company of the Josep Carreras Foundation in support of its campaign against leukemia, continues collaborating with the Multiple Sclerosis Foundation and with the Spanish Federation of Rare Diseases (FEDER), supporting its campaign for the Rare Diseases World Day by delivering solidarity packs to associations and collaborating entities.

Nacex also collaborates with the ASDENT Foundation in collecting solidarity caps for researching the Dent disease. Its agencies have become pick-up points and have made possible to collect them at a national level, as until then the Foundation only collected caps in Catalonia due to lack of resources. Suppliers and customers who have requested it are also pick-up points. More than 16 tons of caps have already been collected for the Foundation.

During this fiscal year, Nacex has started collaborating with the Ronald McDonald Foundation, a well-known non-profit organization working in favour of families with seriously ill children, through the sponsorship of a room in the Ronald McDonald House in Barcelona located very near the Vall d´Hebrón Hospital.

Integra2 collaborates with the ADMO (Association for the donation of bone marrow and umbilical cord in Extremadura), and has also collaborated in the "Metamorfosis desde la esperanza" event to collect funds for the AECC (Spanish Association Against Cancer).

- Promoting sport

The Group also keeps supporting sports initiatives, particularly those focused on young people and seeking integration and participation of disabled athletes, sponsoring several sport clubs, activities and events.

Integra2 has supported different initiatives, as the "un nombre una vida" campaign through a golf tournament, and has collaborated with different sport clubs, such as the Rias Baixas Cycling Club (elite team, under 23) and the Navalmoral Indoor Football Club.

Nacex sponsors the football Media Base Sport campus and the GLT Sport basketball campus. Nacex has also sponsored the paddle tennis Nacex Challenge, where former FC Barcelona and Real Madrid football players competed to raise funds for charity purposes. The funds raised in February 2019 were devoted to the Forever Dream foundation; and sponsors several golf tournaments with charity purposes, such as the "Tournament for Brave people", for the Leo Messi Foundation and the San Juan de Dios hospital in Barcelona.

- Promotion of culture

Integra2 keeps its www.rutaintegra2.es portal on popular food festivities in Spain, bringing closer the gourmet and food industries, promoting the popular food culture of the different Spanish regions.

Nacex sponsors Principe Pio Theatre in Madrid, and has created a themed area for children focused on express courier at Micropolix (leisure center for children) for children can know the importance of this businesss in the current world.

SUBSEQUENT EVENTS

On 12 April 2019 the Board of the National Commission on Markets and Competition (CNMC) notified its Resolution of 10 April 2019 related to the enforcement proceedings described in Note 22 of the Consolidated Financial Statements for the year ended 30 September 2018, for possible exchange of information on sales of cigarettes from year 2008 to 2017 among certain tobacco manufacturers, and that Compañía de Distribución Integral Logista, S.A.U, made available to them, pursuant to the neutrality and non-discrimination principle.

In the aforementioned resolution, the CNMC expressly considers that the conduct was not intended to restrict competition and, therefore, such conduct cannot be qualified as a cartel. However, it is considered that this conduct is restrictive due to its effects, even potential, in the market for the manufacturing and sale of cigarettes, imposing a penalty of EUR 20.9 million to Compañía de Distribución Integral Logista, S.A.U. The CNMC does not prove nor demonstrate that Logista's sales information has produced the alleged restricting effects on the competition among manufacturers that CNMC attributes to it.

Compañía de Distribución Integral Logista, S.A.U. has confirmed that the aforementioned information, free of charge, has been made available to all manufacturers that distribute their products with Logista, with the lawful purpose that they can verify the strict compliance of the principle of neutrality, in the action of Compañía de Distribución Integral Logista, S.A.U. as a wholesaler in the tobacco market.

In this sense, Parent Company's directors, with the legal support of their advisors, consider that this Resolution, which is not final, is not in compliance with the law and the corresponding contentious-administrative appeal at the National High Court will be filed, considering improbable any impact on the equity situation and results of the Group. As a result, a provision for this concept has not been recorded.

RESEARCH AND DEVELOPMENT ACTIVITIES

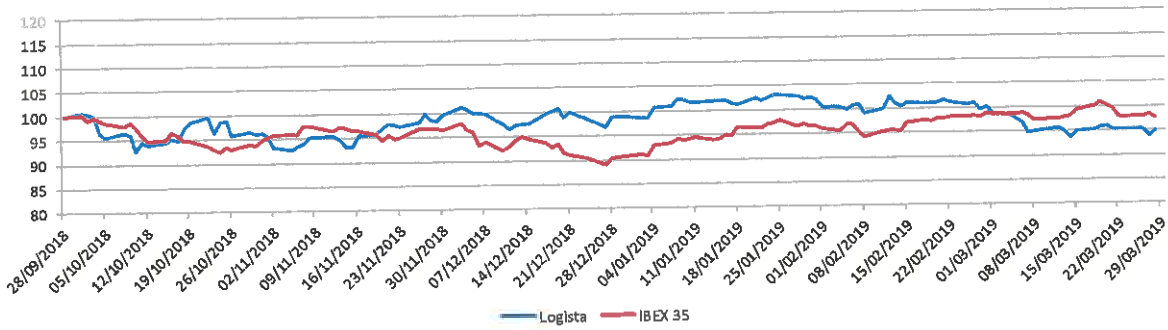
The Group invested in I+D+i €3.7 million in the first half of fiscal year 2019. These investments correspond mainly to implementation of new technologies and databases in the Group's information systems and to systems developments to connect and improve the communication with the points of sales.

TREASURY SHARES

At 31 March 2019, the Group held in its balance sheet 486,013 own-shares, representing the 0.37% of the Company's share capital. Own-shares were acquired in execution of the Share Buyback Program.

SHARE PRICE EVOLUTION

Logista share price amounted €21.0 at the end of the first half of fiscal year 2019 (March 29th, 2019), representing a decline of 5.1% from the start of the period, while the IBEX reduced by 1.6% in the same period.



Logista's market capitalization reached 2,787.8 million € at closing of the first half of fiscal year 2019, representing a revaluation of 61.5% since the IPO in July 2014.

During the period, 20.514,834 shares were negotiated, reaching a rotation of the 15.5% of the total share capital. The daily average volume negotiated was 161,534 shares.

	1 Oct. 2018 – 31 March 2019	1 Oct. 2017– 31 March 2018
Market capitalization at the end of the period (€mill)	2,787.8	2,283.3
Revaluation (%)	-5.1%	-15.5%
Closing price (€)	21.00	17.20
Maximum price (€)	22.80	21.31
Minimum price (€)	20.48	17.20
Total negotiated volume (shares)	20,514,834	22,030.234
Average daily volume (shares)	161,534	174,843
Rotation (% of share capital)	15.5%	16.6%

USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No Group company uses derivative financial instruments.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

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

  Management believes that gross profit is a meaningful measure of the fee revenue we generate from performing our distribution services and provides a useful comparative measure to investors to assess our financial performance on an on-going basis.

	Million €	
	1 Oct. 2018 – 31 March 2019	**1 Oct. 2017 – 31 March 2018**
Revenue	4,764.6	4,466.5
Procurements	(4,197.2)	(3,921.3)
Gross Profit	**567.4**	**545.2**

- **Adjusted Operating Profit (Adjusted EBIT)**: This item is calculated, fundamentally, discounting from the Operating Profit those costs that are not directly related to the revenue obtained by the Group in each period, facilitating the performance of Group's the operating costs and margins.

  The Adjusted Operating Profit (Adjusted EBIT) is the main indicator used by the Group's Management to analyse and measure the progress of the business.

	Million €	
	1 Oct. 2018 – 31 March 2019	**1 Oct. 2017 – 31 March 2018**
Adjusted Operating Profit	**126.1**	**114.1**
(-) Restructuring Costs	(9.6)	(1.7)
(-) Amortization of Assets Logista France	(26.1)	(26.2)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	2.5	0.0
(+/-) Share of Results of Companies and Others	0.9	0.8
Profit from Operations	**93.6**	**87.0**

- **Adjusted Operating Profit margin over Economic Sales**: calculated as Adjusted Operating Profit divided by Economic Sales (or indistinctly, Gross Profit).

  This ratio is the main indicator used by the Group's Managements to analysis and measure the performance of the profitability obtained by the Group's typical activity in a period.

	Million €		
	1 Oct. 2018 – 31 March 2018	**1 Oct. 2017 – 31 March 2018**	%
Economic Sales	567.4	545.2	4.1%
Adjusted Operating Profit	126.1	114.1	10.5%
Margin over Economic Sales	**22.2%**	**20.9%**	**+130 b.p.**

- **Operating costs**: this term is composed by the costs of logistics networks, commercial expenses, research expenses and head offices expenses that are directly related to the revenue obtained by the Group in each period. It is the main figure used by the Group's Management to analyse and measure the performance of the costs structure. It does not include restructuring costs and amortization of assets derived from the Logista France acquisition, due to are not directly related to the revenues obtained by the Group in each period.

Reconciliation with Interim Consolidated Financial Statements:

Million €	1 Oct. 2018 – 31 March 2019	1 Oct. 2017 – 31 March 2018
Cost of logistics network	398.8	384.5
Commercial expenses	36.6	34.3
Research expenses	1.4	1.0
Head office expenses	40.2	39.3
(-) Restructuring costs	(9.6)	(1.7)
(-) Amortization of Assets Logista France	(26.1)	(26.2)
Operating Costs or Expenses in management accounts	441.3	**431.2**

- **Non-recurring expenses**: refers those expenses that, although they might occur in more than one period, do not have a continuity in time (as opposed to operating expenses) and affect only the accounts in a specific moment.

  This magnitude helps the Group's Management to analyse and measure the performance of the Group's activity in each period.

- **Recurring operating expenses**: this term refers to those expenses occurred continuously and allow sustain the Group's activity. They are estimated from the total operating costs less the non-recurring costs defined in the previous point.

  This magnitude helps the Group's Management to analyse and measure the performance of efficiency in the activities carried out by the Group.

- **Restructuring costs**: are the costs incurred by the Group to increase the operating, administrative or commercial efficiency in our company, including the costs related to the reorganization, dismissals and closes or transfers of warehouses or other facilities.

- **Non-recurring results:** refers to the results of the year that do not have a continuity during the year and affect the accounts in a specific moment. It is included in the Operating Profit.

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 2019, which were authorised for issue at the Board of Directors' meeting on 30 April 2019 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 43 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. Alain Minc
Director

Dª. Cristina Garmendia Mendizábal
Director

D. Jaime Carvajal Hoyos
Director

Mr. John Matthew Downing
Director

Mr. Richard Guy Hathaway
Director

Mr. Amal Pramanik
Director

Mr. John Michael Jones
Director

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

Leganés, 30 April 2019