ANNEX I

GENERAL

1º **HALF-YEARLY FINANCIAL REPORT** 2016-2017

END OF THE REPORTING PERIOD 31/03/2017

I. IDENTIFICATION DETAILS

Corporate name: COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

Registered office: CALLE TRIGO 39, Polígono Industrial Polvoranca Leganés (Madrid)	Tax ID number (CIF): A87008579

II. INFORMATION IN ADDITION TO PERIODIC INFORMATION ALREADY PUBLISHED

Explanation of the main modifications with respect to periodic information already published
(to be completed only for the scenarios stipulated in section B) of the instructions)

ANNEX I “half yearly financial report” originally issued in Spanish.
In the event of a discrepancy, the Spanish-language version prevails.

III. STATEMENT(S) BY THE PARTIES RESPONSIBLE FOR THE INFORMATION

To the best of our knowledge, the interim condensed financial statement presented herein, drawn up on the basis of the accounting principles applicable, provide a true and fair view of the equity, financial position and results of the issuer, or of its consolidated companies considered as a whole, and the interim management report contains a true and fair analysis of the information required.

Observations in relation to the previous statement(s):

Person(s) responsible for this information:

Pursuant to authorisation issued by the Board of Directors, the Board Secretary certifies that the half-yearly financial report has been signed by the directors.

Name/Corporate name	Position
Gregorio Marañón y Bertrán de Lis	Chairman
Luis Egido Gálvez	Chief Executive
Stéphane Lissner	Director
Cristina Garmendia Mendizábal	Director
Eduardo Zaplana Hernández-Soro	Director
John Matthew Downing	Director
Richard Guy Hathaway	Director
David Ian Resnekov	Director
Rafael de Juan López	Director and Secretary of the Board
Richard Charles Hill	Director

Date of signature of this half-yearly financial report by the management body concerned: 25/04/2017

IV. SELECT FINANCIAL INFORMATION

1. SEPARATE BALANCE SHEET (AS PER NATIONAL ACCOUNTING PLAN)

Units: thousand of euros

ASSETS		CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 30/09/2016
A) NON-CURRENT ASSETS	0040	**972.609**	**971.370**
1. Intangible assets:	0030		
a) Goodwill	0031		
b) Other intangible assets	0032		
2. Property, plant and equipment	0033		
3. Investment property	0034		
4. Non-current investments in group companies and associates	0035	972.609	971.370
5. Non-current investments	0036		
6. Deferred tax assets	0037		
7. Other non-current assets	0038		
B) CURRENT ASSETS	0085	**846**	**41.096**
1. Non-current assets held for sale	0050		
2. Inventories	0055		
3. Trade and other receivables:	0060	196	
a) Sales and services rendered	0061		
b) Other receivables	0062	0	
c) Current tax assets	0063	195	
4. Current investments in group companies and associates	0064	632	41.083
5. Current investments	0070		
6. Prepayments for current assets	0071		
7. Cash and cash equivalents	0072	19	13
TOTAL ASSETS (A+B)	0100	**973.456**	**1.012.466**

EQUITY AND LIABILITIES		CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 30/09/2016
A) EQUITY (A.1 + A.2 + A.3)	0195	**905.300**	**989.843**
A-1) SHAREHOLDERS' EQUITY	0180	905.300	989.843
1. Capital:	0171	26.550	26.550
a) Registered capital	0161	26.550	26.550
b) *Less: Uncalled capital*	0162		
2. Share premium	0172	867.808	867.808
3. Reserves	0173	11.768	8.098
4. *Less: Own shares and equity holdings*	0174	(8.192)	(5.032)
5. Prior periods' profit and loss	0178		
6. Other equity holder contributions	0179	3.972	2.733
7. Profit/(loss) for the period	0175	3.394	122.807
8. *Less: Interim dividend*	0176	0	(33.119)
9. Other equity instruments	0177		
A.2) VALUATION ADJUSTMENTS	0188		
1. Available-for-sale financial assets	0181		
2. Hedging transactions	0182		
3. Others	0183		
A.3) GRANTS, DONATIONS AND BEQUESTS RECEIVED	0194		
B) NON-CURRENT LIABILITIES	0120	**20.860**	**20.860**
1. Non-current provisions	0115		
2. Non-current payables:	0116		
a) Debt with financial institutions and bonds and other marketable securities	0131		
b) Other financial liabilities	0132		
3. Non-current payables to group companies and associates	0117		
4. Deferred tax liabilities	0118	20.860	20.860
5. Other non-current liabilities	0135		
6. Non-current accruals	0119		
C) CURRENT LIABILITIES	0130	**47.296**	**1.763**
1. Liabilities associated with non-current assets held for sale	0121		
2. Current provisions	0122		
3. Current payables:	0123	-	-
a) Debt with financial institutions and bonds and other marketable securities	0133		
b) Other financial liabilities	0134		
4. Current payables to group companies and associates	0129	42.256	
5. Trade and other payables:	0124	5.041	1.763
a) Suppliers	0125		
b) Other payables	0126	5.041	1.763
c) Current tax liabilities	0127		
6. Other current liabilities	0136		
7. Current accruals	0128		
TOTAL EQUITY AND LIABILITIES (A + B + C)	0200	**973.456**	**1.012.466**
		0	-

IV. SELECT FINANCIAL INFORMATION

2. PROFIT & LOSS STATEMENT INDIVIDUAL (SETTLED UNDER NATIONAL ACCOUNTING PLAN)

Units: thousand of euros

		CURRENT PERIOD (2H)		PREVIOUS PERIOD (2H)		CURRENT ACUUMULATION ACTUAL 31/03/2017		PREVIOUS ACCUMULATION 31/03/2016	
		Amount	%	Amount	%	Amount	%	Amount	%
(+) Revenue	0205					3.983	100,00	9.293	100,00
(+/-) Changes in inventories of finished goods and work in progress	0206								
(+) Work carried out by the company on assets	0207								
(-) Supplies	0208								
(+) Other operating income	0209								
(-) Personnel expenses	0217					(456)	(11,45)	(421)	(4,53)
(-) Other operating expenses	0210					(451)	(11,33)	(438)	(4,71)
(-) Amortisation and depreciation	0211								
(+) Non-financial and other capital grants	0212								
(+) Reversal of excess provisions	0213								
(+/-) Impairment and gains/(losses) on disposal of assets	0214								
(+/-) Other gains/(losses)	0215					(3)	(0,06)		
= OPERATING PROFIT/(LOSS)	0245					**3.073**	**77,16**	**8.434**	**90,76**
(+) Finance income	0250					126	3,17		
(-) Finance costs	0251							(123)	(1,33)
(+/-) Change of fair value in financial instruments	0252								
(+/-) Exchange gains/(losses)	0254								
(+/-) Impairment and gains/(losses) on disposal of financial assets	0255								
= FINANCIAL PROFIT/(LOSS)	0256					**126**	**3,17**	**(123)**	**(1,33)**
= PROFIT/(LOSS) BEFORE TAX	0265					**3.199**	**80,33**	**8.310**	**89,43**
(+/-) Income tax	0270					195	4,90	9.175	98,74
PROFIT/(LOSS) FOR THE PERIOD	0280					**3.394**	**85,23**	**17.486**	**188,17**
Profit/(loss) after tax for the period from	0285								
= EARNINGS FOR THE YEAR	0300					**3.394**	**85,23**	**17.486**	**188,17**

EARNINGS PER SHARE		**Amount (X,XX euros)**		**Amount (X,XX euros)**		**Amount (X,XX euros)**	**Amount (X,XX euros)**
Basic	0290					0,03	0,13
Diluted	0295					0,03	0,13

Figures in the first semestral financial statement are iqual to the acumulated ones, so it is not needed to be filled

IV. SELECT FINANCIAL INFORMATION

3. SEPARATE STATEMENT OF CHANGES IN EQUITY (SEPARATE STATEMENT OF RECOGNISED INCOME AND EXPENSES AS PER SPANISH GAPP)

Units: thousand of euros

		CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 31/03/2016
A) PROFIT/(LOSS) FOR THE PERIOD	0305	**3.394**	**17.486**
B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY:	0310		
1. Measurement of financial instruments:	0320		
a) Available-for-sale financial assets	0321		
b) Other income/(expense)	0323		
2. Cash flow hedges	0330		
3. Grants, donations and bequests received	0340		
4. Actuarial gains and losses and other adjustments	0344		
5. Other income and expense recognised directly in equity	0343		
6. Tax effect	0345		
C) AMOUNTS TRANSFERRED TO INCOME STATEMENT:	0350		
1. Measurement of financial instruments:	0355		
a) Available-for-sale financial assets	0356		
b) Other income/(expense)	0358		
2. Cash flow hedges	0360		
3. Grants, donations and bequests received	0366		
4. Other income and expense recognised directly in equity	0365		
5. Tax effect	0370		
TOTAL RECOGNISED INCOME/(EXPENSE) (A + B + C)	0400	**3.394**	**17.486**

IV. SELECT FINANCIAL INFORMATION

4. SEPARATE STATEMENT OF CHANGES IN EQUITY (1/2) STATEMENT OF TOTAL CHANGES IN EQUITY AS PER SPANISH GAAP ACCOUNTING PLAN

Units: thousand of euros

ACTUAL PERIOD		Shareholders' equity					Valuation adjustments	Grants, donations and bequests received	Total equity
		Capital	Share premium and reserves (1)	Own shares	Profit/(loss) for the period	Other equity instruments			
Initial balance at 01/10/2016	3010	**26.550**	**845.519**	**(5.032)**	**122.807**				**989.843**
Adjustments for changes in accounting criteria	3011								
Adjustments for errors	3012								
Adjusted initial balance	3015	**26.550**	**845.519**	**(5.032)**	**122.807**				**989.843**
I. Total recognised income and expense	3020				**3.394**				**3.394**
II. Transactions with equity holders or owners	3025		**33.119**	**(3.160)**	**(119.136)**				**(89.177)**
1. Capital increases/(reductions)	3026								
2. Conversion of financial liabilities into equity	3027								
3. Distribution of dividends	3028		33.119		(119.136)				(86.017)
4. Transactions with own shares and equity holdings (net)	3029			(3.160)					(3.160)
5. Increase (decrease) in equity resulting from a business combination	3030								
6. Other transactions with equity holders or owners	3032								
III. Other changes in equity	3035		**4.910**		**(3.671)**				**1.239**
1. Share-based payments	3036								
2. Transfers between equity items	3037		3.671		(3.671)				
3. Other changes	3038		1.239						1.239
Closing balance at 31/03/2017	3040	**26.550**	**883.547**	**(8.192)**	**3.394**				**905.300**

(1) Share premium and reserves column englobes the next epigrafes from Shareholders´equity: 2. Share premium, 3. Reserves, 5. Profit/loss form previous periods, 6. Other equity holder contributions and 8. Minus: Interim divide

IV. SELECT FINANCIAL INFORMATION

4. SEPARATE STATEMENT OF CHANGES IN EQUITY (2/2) STATEMENT OF TOTAL CHANGES IN EQUITY AS PER SPANISH GAAP ACCOUNTING PLAN)

Units: thousand of euros

PREVIOUS PERIOD		Shareholders' equity					Valuation adjustments	Grants, donations and bequests received	Total equity
		Capital	Share premium and reserves (1)	Own shares	Profit/(loss) for the period	Other equity instruments			
Initial balance at 01/10/2015 (comparison period)	3050	**26.550**	**836.305**	**(670)**	**106.812**				**968.998**
Adjustments for changes in accounting criteria	3051								
Adjustments for errors	3052								
Adjusted initial balance (comparison period)	3055	**26.550**	**836.305**	**(670)**	**106.812**				**968.998**
I. Total recognised income and expense	3060				**17.486**				**17.486**
II. Transactions with equity holders or owners	3065		**31.860**	**(3.755)**	**(98.114)**				**(70.008)**
1. Capital increases/(reductions)	3066								
2. Conversion of financial liabilities into equity	3067								
3. Distribution of dividends	3068		31.860		(98.114)				(66.254)
4. Transactions with own shares and equity holdings (net)	3069			(3.755)					(3.755)
5. Increase (decrease) in equity resulting from a business combination	3070								
6. Other transactions with equity holders or owners	3072								
III. Other changes in equity	3075		**9.501**		**(8.698)**				**803**
1. Share-based payments	3076								
2. Transfers between equity items	3077		8.698		(8.698)				
3. Other changes	3078		803						803
Closing balance at 31/03/2016 (comparison period)	3080	**26.550**	**877.667**	**(4.424)**	**17.486**				**917.278**

(1) Share premium and reserves column englobes the next epigrafes from Shareholders´equity: 2. Share premium, 3. Reserves, 5. Profit/loss form previous periods, 6. Other equity holder contributions and 8. Minus: Interim dividend.

IV. SELECT FINANCIAL INFORMATION

5. SEPARATE STATEMENT OF CASH FLOWS (AS PER NATIONAL ACCOUNTING PLAN)

Units: thousand of euros

			CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 31/03/2016
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)**	0435	**6.477**	**10.195**
1.	**Profit/(loss) before tax**	0405	**3.199**	**8.310**
2.	**Adjustments for:**	0410	**(4.109)**	**(9.169)**
(+)	Amortisation and depreciation	0411		
(+/-)	Other adjustments (net)	0412	(4.109)	(9.169)
3.	**Changes in operating assets and liabilities**	0415	**3.277**	**1.885**
4.	**Other cash flows from operating activities:**	0420	**4.109**	**9.169**
(-)	Interest paid	0421	0	(123)
(+)	Dividends received	0422	3.983	9.293
(+)	Interest received	0423	126	
(+/-)	Income tax received (paid)	0430		
(+/-)	Other amounts paid (received)	0425		
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)**	0460	**0**	**744**
1.	**Payments for investments**	0440		
(-)	Group companies, associates and business units	0441		
(-)	Property, plant and equipment, intangible assets and investme	0442		
(-)	Other financial assets	0443		
(-)	Other assets	0444		
2.	**Proceeds from sale of investments:**	0450	**0**	**744**
(+)	Group companies, associates and business units	0451		
(+)	Property, plant and equipment, intangible assets and investm	0452		
(+)	Other financial assets	0453		744
(+)	Other assets	0454		
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3)**	0490	**(6.470)**	**(10.948)**
1.	**Proceeds from and payments for equity instruments:**	0470	**(3.160)**	**(3.755)**
(+)	Issue of equity instruments	0471		
(-)	Redemption of own equity instruments	0472		
(-)	Acquisition of own equity instruments	0473	(3.160)	(3.755)
(+)	Disposal of own equity instruments	0474		
(+)	Grants, donations and bequests received	0475		
2.	**Proceeds from and payments for financial liability instruments:**	0480	**82.707**	**59.060**
(+)	Issues	0481	82.707	59.060
(-)	Redemption and repayment	0482		
3.	**Dividends and interest on other equity instruments paid**	0485	**(86.017)**	**(66.254)**
D)	**EFFECT OF EXCHANGE RATE FLUCTUATIONS**	0492		
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A**	0495	**6**	**(9)**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**	0499	**13**	**31**
G)	**CASH AND CASH EQUIVALENTS AT END OF PERIOD (E + F)**	0500	**19**	**22**

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 31/03/2016
(+) Cash in hand and at banks	0550	19	22
(+) Other financial assets	0552		
(-) Less: Bank overdrafts repayable on sight	0553		
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	0600	**19**	**22**

IV. SELECT FINANCIAL INFORMATION

6. CONSOLIDATED BALANCE SHEET (IFRS ADOPTED)

Units: thousand of euros

ASSETS		CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 30/09/2016
A) NON-CURRENT ASSETS	1040	**1.733.567**	**1.781.022**
1. Intangible assets:	1030	1.499.244	1.521.467
a) Goodwill	1031	923.958	919.104
b) Other intangible assets	1032	575.286	602.363
2. Property, plant and equipment	1033	188.793	189.841
3. Investment property	1034	18.587	18.732
4. Investments accounting for using equity method	1035	2.175	1.401
5. Non-current financial assets	1036	4.711	27.182
6. Deferred tax assets	1037	20.057	22.399
7. Other non-current assets	1038		
B) CURRENT ASSETS	1085	**4.664.918**	**4.941.795**
1. Non-current assets held for sale	1050	13	100
2. Inventories	1055	1.045.588	1.085.829
3. Trade and other receivables:	1060	1.658.091	1.784.758
a) Trade receivables	1061	1.565.082	1.734.445
b) Other receivables	1062	75.957	49.411
c) Current tax assets	1063	17.052	902
4. Other current financial assets	1070	1.814.100	2.039.101
5. Other current assets	1075	16.017	8.383
6. Cash and cash equivalents	1072	131.109	23.625
TOTAL ASSETS (A+B)	1100	**6.398.485**	**6.722.817**

EQUITY AND LIABILITIES		CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 30/09/2016
A) EQUITY (A.1 + A.2 + A.3)	1195	**462.088**	**491.868**
A-1) SHAREHOLDERS' EQUITY	1180	459.919	489.629
1. Capital	1171	26.550	26.550
a) Issued capital	1161	26.550	26.550
b) *Less: Uncalled capital*	1162		
2. Share premium	1172	867.808	867.808
3. Reserves	1173	(502.837)	(498.657)
4. *Less: Own shares*	1174	(8.192)	(5.032)
5. Prior periods' profit and loss	1178		
6. Other equity holder contributions	1179		
7. Profit (loss) for year attributable to the parent	1175	76.590	132.079
8. *Less: Interim dividend*	1176		(33.119)
9. Other equity instruments	1177		
A.2) OTHER ACUMULATED COMPREHENSIVE INCOME	1188	115	107
1. Amounts not reclassified to profit or loss	1186		
2. Amounts transfered subsequently to profit or loss:	1187	115	107
a) Available-for-sale financial assets	1181		
b) Hedging transactions	1182		
c) Translation difference	1184	115	107
d) Other	1183		
EQUITY ATTRIBUTABLE TO THE PARENT (A.1 + A.2)	1189	**460.034**	**489.736**
A.3) NON-CONTROLLING INTERESTS	1193	2.054	2.133
B) NON-CURRENT LIABILITIES	1120	**357.292**	**366.309**
1. Government grants	1117		
2. Non-current provisions	1115	40.425	32.830
3. Non-current financial liabilities:	1116	4.731	4.743
a) Bank borrowings and bonds or other marketable securities	1131		
b) Other financial liabilities	1132	4.731	4.743
4. Deferred tax liabilities	1118	312.117	328.717
5. Other non-current liabilities	1135	19	19
C) CURRENT LIABILITIES	1130	**5.579.105**	**5.864.640**
1. Liabilities associated with non-current assets held for sale	1121		
2. Current provisions	1122	15.442	17.138
3. Current financial liabilities:	1123	33.398	33.627
a) Bank borrowings and bonds and other marketable securities	1133		
b) Other financial liabilities	1134	33.398	33.627
4. Trade and other payables:	1124	5.392.051	5.673.033
a) Trade payables	1125	858.408	833.959
b) Other payables	1126	4.498.589	4.810.177
c) Current tax liabilities	1127	35.054	28.896
5. Other current liabilities	1136	138.214	140.842
TOTAL EQUITY AND LIABILITIES (A + B + C)	1200	**6.398.485**	**6.722.817**

IV. SELECT FINANCIAL INFORMATION

7. CONSOLIDATED INCOME STATEMENT (IFRS ADOPTED)

Units: thousand of euros

		CURRENT PERIOD (2H)		PREVIOUS PERIOD (2H)		CURRENT ACCUMULATION 31/03/2017		PREVIOUS ACCUMULATION 31/03/2016	
		Amount	%	Amount	%	Amount	%	Amount	%
(+) Revenue	**1205**					**4.526.421**	100,00	**4.574.392**	100,00
(+/-) Changes in inventories of finished goods and work in progress	**1206**					**3.452**	0,08	**41.814**	0,22
(+) Work carried out by the company on assets	**1207**					**561**	0,01	**540**	0,02
(-) Raw materials and consumables used	**1208**					**(4.018.523)**	(88,78)	**(4.118.349)**	(89,21)
(+) Other operating income	**1209**					**0**	-		
(-) Personnel expenses	**1217**					**(145.056)**	(3,20)	**(134.937)**	(3,17)
(-) Other operating expenses	**1210**					**(254.937)**	(5,63)	**(250.518)**	(5,31)
(-) Amortisation and depreciation	**1211**					**(43.201)**	(0,95)	**(44.804)**	(1,00)
(+) Non-financial and other capital grants	**1212**								
(+/-) Impairment and gains/losses) on disposal of assets	**1214**					**57**	0,00	**648**	(0,00)
(+/-) Other gains/(losses)	**1215**					**(24)**	(0,00)	**1**	(0,00)
= OPERATING PROFIT/(LOSS)	**1245**					**68.750**	**1,52**	**68.788**	**1,54**
(+) Finance income	**1250**					**5.837**	0	**6.332**	0,12
(-) Finance costs	**1251**					**(707)**	(0,02)	**(1.420)**	(0,05)
(+/-) Change of fair value in financial instruments	**1252**								
(+/-) Exchange gains/(losses)	**1254**					**22**	0	**(201)**	0,00
(+/-) Impairment and gains/(losses) on disposal of financial assets	**1255**					**18.119**	0		
= FINANCIAL PROFIT/(LOSS)	**1256**					**23.271**	**0,51**	**4.711**	**0,07**
(+/-) Profit/(loss) from companies accounted for using the equity method	1253					774	0,02	(85)	0,01
= PROFIT/(LOSS) BEFORE TAX	**1265**					**92.795**	**2,05**	**73.414**	**1,63**
(+/-) Income tax	1270					(16.236)	(0,36)	(21.922)	(0,57)
= PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**1280**					**76.559**	**1,69**	**51.492**	**1,06**
(+/-) Profit/(loss) after tax for the period from discontinued operations	1285					(42)	(0,00)	(150)	(0,00)
= CONSOLIDATED EARNINGS FOR THE YEAR	**1288**					**76.517**	**1,69**	**51.342**	**1,05**
a) Profit/(loss) for the period attributable to the parent	1300					76.590	1,69	51.158	1,05
b) Profit/(loss) for the period attributable to non-controlling i	1289					(73)	- 0,00	184	0,00
EARNINGS PER SHARE						Amount (X.XX euros)		Amount (X.XX euros)	
Basic	1290					0,58		0,39	
Diluted	1295					0,58		0,39	

Figures in the first semestral financial statement are iqual to the acumulated ones, so it is not needed to be filled

IV. SELECT FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES (IFRS ADOPTED)

Units: thousand of euros

		CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 31/03/2016
A) CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	1305	**76.517**	**51.342**

B) OTHER COMPREHENSIVE INCOME - AMOUNTS NOT RECLASSIFIED TO PROFIT OR LOSS	1310	**8**	**60**
1. Revaluation/(reversal of revaluation) of PP&E and intangible assets	1311		
2. Actuarial gains and losses	1344		
3. Participation in other comprehensive income recognized for Companies accounted using the equity method and joint venture	1342		
4. Other income and expense recognised directly in equity	1343	8	60
5. Tax effect	1345		

C) OTHER COMPREHENSIVE INCOME - AMOUNTS TRANSFERRED SUBSEQUENTLY TO INCOME STATEMENT:	1350		
1. Held for sale financial assets :	**1355**		
a) Gains / (losses) for **evaluation**	1356		
b) Amounts transferred to profit and loss	1357		
c) Other reclassifications	1358		
2. Cash flow hedges:	**1360**		
a) Gains / (losses) for **evaluation**	1361		
b) Amounts transferred to profit and loss	1362		
c) Amounts transferred to the initial value of **swap amounts**	1363		
d) Other reclassifications	1364		
3. Translation differences:	**1365**		
a) Gains / (losses) for **evaluation**	1366		
b) Amounts transferred to profit and loss	1367		
c) Other reclassifications	1368		
4. Companies accounted for using the equity method:	**1370**		
a) Gains / (losses) for **evaluation**	1371		
b) Amounts transferred to profit and loss	1372		
c) Other reclassifications	1373		
5. Other incomes and expenses recognised subsequently to income statement:	**1375**		
a) Gains / (losses) for **evaluation**	1376		
b) Amounts transferred to profit and loss	1377		
c) Other reclassifications	1378		
6. Tax effect	1380		

TOTAL RECOGNISED COMPREHENSIVE INCOME (A + B + C)	1400	**76.525**	**51.403**
a) Attributable to the parent	1398	76.599	51.218
b) Attributable to non-controlling interests	1399	(73)	184

IV. SELECT FINANCIAL INFORMATION

9. SEPARATE STATEMENT OF CHANGES IN EQUITY (1/2) STATEMENT OF TOTAL CHANGES IN EQUITY AS PER NIIF

Units: thousand of euros

ACTUAL PERIOD		Shareholders' equity					Valuation adjustments	Minority Interests	Total equity
		Capital	Share premium and reserves (1)	Own shares	Profit/(loss) for the period	Other equity instruments			
Initial balance at 01/10/2016	3110	**26.550**	**336.032**	**(5.032)**	**132.079**		**107**	**2.133**	**491.868**
Adjustments for changes in accounting criteria	3111								
Adjustments for errors	3112								
Adjusted initial balance	3115	**26.550**	**336.032**	**(5.032)**	**132.079**		**107**	**2.133**	**491.868**
I. Total recognised income and expense	3120				**76.590**		**8**	**(73)**	**76.525**
II. Transactions with equity holders or owners	3125		**33.119**	**(3.160)**	**(119.136)**				**(89.177)**
1. Capital increases/(reductions)	3126								
2. Conversion of financial liabilities into equity	3127								
3. Distribution of dividends	3128		33.119		(119.136)				**(86.017)**
4. Transactions with own shares and equity holdings (net)	3129			(3.160)					**(3.160)**
5. Increase (decrease) in equity resulting from a business combination	3130								
6. Other transactions with equity holders or owners	3132								
III. Other changes in equity	3135		**(4.181)**		**(12.943)**			**(5)**	**(17.129)**
1. Share-based payments	3136								
2. Transfers between equity items	3137		(5.420)		5.420				**0**
3. Other changes	3138		1.239		(18.362)			(5)	**(17.129)**
Closing balance at 31/03/2017	3140	**26.550**	**364.970**	**(8.192)**	**76.590**		**115**	**2.054**	**462.088**

(1) Share premium and reserves column englobes the next items from Shareholders´equity: 2. Share premium, 3. Reserves, 5. Profit/loss form previous periods, 6. Other equity holder contributions and 8. Minus: Interim dividend.

IV. SELECT FINANCIAL INFORMATION

9. SEPARATE STATEMENT OF CHANGES IN EQUITY (2/2) STATEMENT OF TOTAL CHANGES IN EQUITY AS PER NIIF

Units: thousand of euros

		Shareholders' equity					Valuation adjustments	Minority Interest	Total equity
		Capital	Share premium and reserves (1)	Own shares	Profit/(loss) for the period	Other equity instruments			
Initial balance at 01/10/2015 (comparison period)	3150	**26.550**	**307.407**	**(670)**	**109.193**		**135**	**1.815**	**444.430**
Adjustments for changes in accounting criteria	3151								
Adjustments for errors	3152								
Adjusted initial balance (comparison period)	3155	**26.550**	**307.407**	**(670)**	**109.193**	**0**	**135**	**1.815**	**444.430**
I. Total recognised income and expense	**3160**				**51.158**		**60**	**184**	**51.403**
II. Transactions with equity holders or owners	**3165**	**0**	**31.860**	**(3.755)**	**(98.114)**	**0**	**0**	**0**	**(70.008)**
1. Capital increases/(reductions)	3166								
2. Conversion of financial liabilities into equity	3167								
3. Distribution of dividends	3168		31.860		(98.114)				**(66.254)**
4. Transactions with own shares and equity holdings (net)	3169			(3.755)					**(3.755)**
5. Increase (decrease) in equity resulting from a business combination	3170								
6. Other transactions with equity holders or owners	3172								
III. Other changes in equity	**3175**	**0**	**11.879**	**0**	**(11.079)**	**0**	**0**	**(6)**	**794**
1. Share-based payments	3176								
2. Transfers between equity items	3177		11.079		(11.079)				
3. Other changes	3178		800					(6)	**794**
Closing balance at 31/03/2016 (comparison period)	3180	**26.550**	**351.146**	**(4.424)**	**51.158**	**0**	**195**	**1.994**	**426.618**

(1) Share premium and reserves column englobes the next items from Shareholders´equity: 2. Share premium, 3. Reserves, 5. Profit/loss form previous periods
6. Other equity holder contributions and 8. Minus: Interim dividend

IV. SELECT FINANCIAL INFORMATION

10. A. CONSOLIDATED INDIRECT STATEMENT OF CASH FLOWS (IFRS ADOPTED)

Units: thousand of euros

			CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 31/03/2016
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)**	1435	**(41.020)**	**(60.270)**
1.	Profit/(loss) before tax	1405	92.795	73.414
2.	Adjustments for:	1410	29.036	45.919
(+)	Amortisation and depreciation	1411	43.201	44.803
(+/-)	Other adjustments (net)	1412	(14.166)	1.116
3.	Movements in working capital	1415	(122.386)	(173.225)
4.	Other cash flows from operating activities:	1420	(40.465)	(6.378)
(-)	Interest paid	1421		
(-)	Dividends and returns on other equity instruments paid	1430		
(+)	Dividends received	1422		
(+)	Interest received	1423	4.909	4.711
(+/-)	Income tax received/(paid)	1430	(45.374)	(11.089)
(+/-)	Other amounts received/(paid)	1425		
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)**	1460	**237.910**	**240.445**
1.	Payments for investments	1440	(19.728)	(7.836)
(-)	Group companies, associates and business units	1441		
(-)	Property, plant and equipment, intangible assets and investment property	1442	(19.728)	(7.836)
(-)	Other financial assets	1443		
(-)	Other assets	1444		
2.	Proceeds from sale of investments:	1450	257.638	248.281
(+)	Group companies, associates and business units	1451		
(+)	Property, plant and equipment, intangible assets and investment property	1452		
(+)	Other financial assets	1453	234.998	248.281
(+)	Other assets	1454	22.640	
3.	Other cash flows from investing activities	1455		
(+)	Dividends received	1456		
(+)	Interest received	1457		
(+/-)	Other amounts received/(paid)	1458		
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)**	1490	**(89.406)**	**(69.274)**
1.	Proceeds from/(payments for) equity instruments:	1470	(3.160)	(3.755)
(+)	Issue of equity instruments	1471		
(-)	Redemption of own equity instruments	1472		
(-)	Acquisition of own equity instruments	1473	(3.160)	(3.755)
(+)	Disposal of own equityinstruments	1474		
2.	Proceeds from and payments for financial liability instruments:	1480	(229)	856
(+)	Issues	1481		856
(-)	Redemption and repayment	1482	(229)	
3.	Dividends and interest on other equity instruments paid	1485	(86.017)	(66.375)
4.	Other cash flows from financing activities	1486	0	0
(-)	Interest paid	1487		
(+/-)	Other amounts received/(paid)	1488		
D)	**EFFECT OF EXCHANGE RATE FLUCTUATIONS**	1492		
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)**	1495	**107.484**	**110.902**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**	1499	**23.625**	**22.714**
G)	**CASH AND CASH EQUIVALENTS AT END OF PERIOD (E + F)**	1500	**131.109**	**133.616**

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 31/03/2016
(+)	Cash in hand and at banks	1550	131.109	133.616
(+)	Other financial assets	1552		
(-)	*Less: Bank overdrafts repayable on sight*	1553		
	TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	1600	**131.109**	**133.616**
			0	-

This consolidated cash flow statement (direct method) allows alternative classification of related interest and dividends either received and paid which contemplated adopted IFRS. Each of the above items should be classified consistently and in each year, as operating, investing or financing activities

IV. SELECT FINANCIAL INFORMATION

10. B. CONSOLIDATED DIRECT STATEMENT OF CASH FLOWS (IFRS ADOPTED)

Units: thousand of euros

			CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 31/03/2016
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)**	8435		
(+)	Profit/(loss) before tax	8410		
(-)	Other cash flows from operating activities:	8411		
(-)	Interest paid	8421		
(-)	Dividends and returns on other equity instruments paid	8422		
(+)	Dividends received	8430		
(+)	Interest received	8423		
(+/-)	Income tax received/(paid)	8424		
(+/-)	Other amounts received/(paid)	8425		
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)**	8460		
1.	Payments for investments	8440		
(-)	Group companies, associates and business units	8441		
(-)	Property, plant and equipment, intangible assets and investment property	8442		
(-)	Other financial assets	8443		
(-)	Other assets	8444		
2.	Proceeds from sale of investments:	8450		
(+)	Group companies, associates and business units	8451		
(+)	Property, plant and equipment, intangible assets and investment property	8452		
(+)	Other financial assets	8453		
(+)	Other assets	8454		
3.	Other cash flows from investing activities	8455		
(+)	Dividends received	8456		
(+)	Interest received	8457		
(+/-)	Other amounts received/(paid)	8458		
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)**	8490		
1.	Proceeds from/(payments for) equity instruments:	8470		
(+)	Issue of equity instruments	8471		
(-)	Redemption of own equity instruments	8472		
(-)	Acquisition of own equity instruments	8473		
(+)	Disposal of own equityinstruments	8474		
2.	Proceeds from and payments for financial liability instruments:	8480		
(+)	Issues	8481		
(-)	Redemption and repayment	8482		
3.	Dividends and interest on other equity instruments paid	8485		
4.	Other cash flows from financing activities	8486		
(-)	Interest paid	8487		
(+/-)	Other amounts received/(paid)	8488		
D)	**EFFECT OF EXCHANGE RATE FLUCTUATIONS**	8492		
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)**	8495		
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**	8499		
G)	**CASH AND CASH EQUIVALENTS AT END OF PERIOD (E + F)**	8500		

COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		CURRENT PERIOD 31/03/2017	PREVIOUS PERIOD 31/03/2016
(+) Cash in hand and at banks	8550		
(+) Other financial assets	8552		
(-) Less: Bank overdrafts repayable on sight	8553		
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	8600		

This consolidated cash flow statement (direct method) allows alternative classification of related interest and dividends either received and paid which contemplated adopted IFRS. Each of the above items should be classified consistently and in each year, as operating, investing or financing activities

IV. SELECT FINANCIAL INFORMATION

11. CHANGES TO GROUP COMPOSITION

Table 1:

BUSINESS COMBINATIONS OR OTHER ACQUISITIONS OR INCREASED HOLDINGS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENT IN ASSOCIATES (CURRENT PERIOD)						
Name of the company (or area of business) acquired or merged	Category	Effective date of transaction (dd-mm-yyyy)	(Net) cost of combination (a) + (b) (thousand of euros)		% of voting rights acquired	% of total voting rights in company following acquisition
			(Net) amount paid on acquisition + other costs directly attributable to the combination (a)	Fair value of equity instruments issued for acquisition of company (b)		
JOSE COSTA & RODRIGUES, LDA	Dependent	13/02/2017	10.121		100%	100%

Table 2:

DECREASES IN INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENT IN ASSOCIATES OR OTHER SIMILAR OPERATIONS (CURRENT PERIOD)					
Name of the company (or area of business) disposed of, spun off or derecognised	Category	Effective date of transaction (dd-mm-yyyy)	% of voting rights disposed of or retired	% of total voting rights in company following disposal	Gain/(loss) generated (thousand of euros)

IV. SELECT FINANCIAL INFORMATION

12. DIVIDENDS PAID

		CURRENT PERIOD			PREVIOUS PERIOD		
		% of nominal	**Euros per share (X.XX)**	**Amount (thousand of euros)**	**% of nominal**	**Euros per share (X.XX)**	**Amount (thousand of euros)**
Ordinary shares	2158	325,00	0,65	86.017	250,00	0,50	66.254
Other shares (non-voting, callable etc.)	2159						
Total dividends paid	2160			86.017			66.254
a) Dividends charged to profit or loss	2155						
b) Dividends charged to reserves or share premium	2156			86.017			66.254
c) Dividends in kind	2157						

IV. SELECT FINANCIAL INFORMATION

13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY TYPES AND CATEGORIES (1/2)

Units: thousand of euros

CURRENT PERIOD FINANCIAL ASSETS: TYPE/CATEGORY		CURRENT PERIOD					
		Held-for-trading financial assets	Other financial assets at FV through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives
Equity instruments	2061			972.609			
Debt securities	2062						
Derivatives	2063						
Other financial assets	2064						
Long-term/non-current	**2065**			**972.609**			
Equity instruments	2066						
Debt securities	2067				632		
Derivatives	2068						
Other financial assets	2069						
Short-term/current	**2070**				**632**		
TOTAL INDIVIDUAL	**2075**			**972.609**	**632**		
Equity instruments	2161			692			
Debt securities	2162				194		
Derivatives	2163						
Other financial assets	2164				3.825		
Long-term/non-current	**2165**			**692**	**4.019**		
Equity instruments	2166						
Debt securities	2167				1.813.360		
Derivatives	2168						
Other financial assets	2169				740		
Short-term/current	**2170**				**1.814.100**		
TOTAL CONSOLIDATED	**2175**			**692**	**1.818.120**		

FINANCIAL LIABILITIES: TYPE/CATEGORY		CURRENT PERIOD			
		Held-for-trading financial liabilities	Other financial liabilities at fair value through profit or loss	Debts and payables	Hedging derivatives
Bank borrowings	2076				
Bonds and other marketable securities	2077				
Derivatives	2078				
Other financial liabilities	2079				
Long-term debt/non-current financial liabilities	**2080**				
Bank borrowings	2081				
Bonds and other marketable securities	2082				
Derivatives	2083				
Other financial liabilities	2084			-	
Short-term debt/current financial liabilities	**2085**			**0**	
TOTAL INDIVIDUAL	**2090**			**0**	
Bank borrowings	2176				
Bonds and other marketable securities	2177				
Derivatives	2178				
Other financial liabilities	2179			4.731	
Long-term debt/non-current financial liabilities	**2180**			**4.731**	
Bank borrowings	2181				
Bonds and other marketable securities	2182				
Derivatives	2183				
Other financial liabilities	2184			33.398	
Short-term debt/current financial liabilities	**2185**			**33.398**	
TOTAL CONSOLIDATED	**2190**			**38.128**	

(Abbreviation - FV: Fair Value / P&L: Profit and loss statement)

IV. SELECT FINANCIAL INFORMATION

13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY TYPES AND CATEGORIES (2/2)

Units: thousand of euros

PREVIOUS PERIOD FINANCIAL ASSETS: TYPE/CATEGORY		PREVIOUS PERIOD					
		Held-for-trading financial assets	Other financial assets at FV through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives
Equity instruments	5061			971.370			
Debt securities	5062						
Derivatives	5063						
Other financial assets	5064						
Long-term/non-current	**5065**			**971.370**			
Equity instruments	5066						
Debt securities	5067				41.083		
Derivatives	5068						
Other financial assets	5069						
Short-term/current	**5070**				**41.083**		
TOTAL INDIVIDUAL	**5075**			**971.370**	**41.083**		
Equity instruments	5161			23.331			
Debt securities	5162				266		
Derivatives	5163						
Other financial assets	5164				3.585		
Long-term/non-current	**5165**			**23.331**	**3.851**		
Equity instruments	5166						
Debt securities	5167				2.038.440		
Derivatives	5168						
Other financial assets	5169				661		
Short-term/current	**5170**				**2.039.101**		
TOTAL CONSOLIDATED	**5175**			**23.331**	**2.042.953**		

FINANCIAL LIABILITIES: TYPE/CATEGORY		CURRENT PERIOD			
		Held-for-trading financial liabilities	Other financial liabilities at fair value through profit or loss	Debts and payables	Hedging derivatives
Bank borrowings	5076				
Bonds and other marketable securities	5077				
Derivatives	5078				
Other financial liabilities	5079			0	
Long-term debt/non-current financial liabilities	**5080**			**0**	
Bank borrowings	5081				
Bonds and other marketable securities	5082				
Derivatives	5083				
Other financial liabilities	5084			-	
Short-term debt/current financial liabilities	**5085**			**0**	
TOTAL INDIVIDUAL	**5090**				
Bank borrowings	5176				
Bonds and other marketable securities	5177				
Derivatives	5178				
Other financial liabilities	5179			4.743	
Long-term debt/non-current financial liabilities	**5180**			**4.743**	
Bank borrowings	**5181**				
Bonds and other marketable securities	5182				
Derivatives	5183				
Otros pasivos financieros	**5184**			33.627	
Short-term debt/current financial liabilities	**5185**			**33.627**	
TOTAL CONSOLIDATED	**5190**			**38.370**	

(Abbreviation - FV: Fair value / P&L: Profit and loss statement)

IV. SELECT FINANCIAL INFORMATION

14. SEGMENT INFORMATION

Units: thousand of euros

Table 1

GEOGRAPHIC AREA		Geographic distribution of revenue			
		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	CURRENT PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
Domestic market	2210	**3.983**	**9.293**	**1.037.886**	**1.024.441**
Export:	2215		0	**3.488.535**	**3.549.951**
a) European Union	2216		0	3.488.535	3.549.951
b) OECD countries	2217		0		
c) Other countries	2218		0		
TOTAL	2220	**3.983**	**9.293**	**4.526.421**	**4.574.392**
				-	

Table 2

		Ordinary income					
		CONSOLIDATED					
		From external customers		Inter-segment		Total ordinary revenue	
SEGMENTS		**CURRENT PERIOD**	**PREVIOUS PERIOD**	**CURRENT PERIOD**	**PREVIOUS PERIOD**	**CURRENT PERIOD**	**PREVIOUS PERIOD**
IBERIA	2221	1.263.978	1.250.573			1.263.978	1.250.573
ITALY	2222	1.237.966	1.214.315			1.237.966	1.214.315
FRANCE	2223	2.039.245	2.123.202			2.039.245	2.123.202
CORPORATE AND OTHERS	2224	4.447	5.612			4.447	5.612
(-) Adjustments and elimination of ordinary income among segments	2231			(19.216)	(19.311)	(19.216)	(19.311)
TOTAL	2235	**4.545.637**	**4.593.702**	**(19.216)**	**(19.311)**	**4.526.421**	**4.574.392**
						(0)	-

Table 3

SEGMENTS		Profit/(loss) CONSOLIDATED CURRENT PERIOD	Profit/(loss) CONSOLIDATED PREVIOUS PERIOD
IBERIA	2250	46.374	39.915
ITALY	2251	27.917	25.824
FRANCE	2252	867	8.583
CORPORATE AND OTHERS	2253	(6.409)	(5.534)
Total reported segment profit/(loss)	2260	**68.750**	**68.788**
(+/-) Profit/(loss) not allocated	2261	7.767	(17.446)
(+/-) Elimination of internal profit/(loss) (inter-segment)	2262		
(+/-) Other profit/(loss)	2263		
(+/-) Income tax and/or profit/(loss) from discontinued operations	2264	16.278	22.072
PROFIT/(LOSS) BEFORE TAX	2270	**92.795**	**73.414**

IV. SELECT FINANCIAL INFORMATION					
15. AVERAGE NUMBER OF EMPLOYEES					
		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
AVERAGE NUMBER OF EMPLOYEES	2295	**0**	**0**	**5.536**	**5.498**
Men	2296	0	0	3.550	3.540
Women	2297	0	0	1.986	1.958

IV. SELECT FINANCIAL INFORMATION
16. REMUNERATION RECEIVED BY DIRECTORS AND EXECUTIVES

DIRECTORS:

Basis of remuneration		**Amount (thousand of euros)**	
		CURRENT PERIOD	**PREVIOUS PERIOD**
Fixed remuneration	2310	843	794
Variable remuneration	2311	1.988	1.844
Attendance fees	2312	90	81
By-law stipulated remuneration	2313	-	0
Payments based on shares and/or other financial instruments	2314	-	0
Other	2315	197	140
TOTAL	2320	**3.118**	**2.859**

Other benefits:

Advances	2326	-	0
Loans granted	2327	-	0
Pension plans and funds: contributions	2328	6	6
Pension plans and funds: obligations assumed	2329	-	0
Life insurance premiums	2330	9	9
Guarantees issued in favour of directors	2331	-	0

Executives:		**Amount (thousand of euros)**	
		CURRENT PERIOD	**PREVIOUS PERIOD**
Total remuneration received by executives	2325	**3.616**	**3.722**

IV. SELECT FINANCIAL INFORMATION

17. RELATED-PARTY TRANSACTIONS (1/2)

Units: thousand of euros

RELATED-PARTY TRANSACTIONS EXPENSES AND INCOME		CURRENT PERIOD Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
1) Finance costs	2340			9		9
2) Management or cooperation contracts	2341					
3) R+D transfers and licensing agreements	2342					
4) Leases	2343			330		330
5) Services received	2344					
6) Purchase of goods (finished or under construction)	2345	177.319		273.049		450.368
7) Impairment losses on irrecoverable or doubtful receivables	2346					
8) Losses on derecognition or disposal of assets	2347					
9) Other expenses	2348			281		281
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	2350	**177.319**		**273.669**		**450.988**
10) Finance income	2351			5.521		5.521
11) Management or cooperation contracts	2352					
12) R+D transfers and licensing agreements	2353					
13) Dividends received	2354					
14) Leases	2355			93		93
15) Rendering of services	2356	4.982		20.300		25.282
16) Sale of goods (finished or under construction)	2357					
17) Gains on derecognition or disposal of assets	2358					
18) Other income	2359					
INCOME (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18)	2360	**4.982**		**25.914**		**30.896**

OTHER TRANSACTIONS		CURRENT PERIOD Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
Acquisition of tangible assets, intangible assets or others	2371					
Financing agreements: loans and capital contributions (lender)	2372					
Finance leases (lessor)	2373					
Repayment or cancellation of credits and leases (lessor)	2377					
Sale of tangible assets, intangible assets or others	2374					
Financing agreements, loans and capital contributions (borrower)	2375					
Finance leases (lessee)	2376					
Repayment or cancellation of credits and leases (lessee)	2378					
Guarantees and deposits extended	2381					
Guarantees and deposits received	2382					
Commitments undertaken	2383					
Commitments/guarantees cancelled	2384					
Distribution of dividends and other benefits	2386	60.401				**60.401**
Other transactions	2385					

IV. SELECT FINANCIAL INFORMATION

17. RELATED-PARTY TRANSACTIONS (2/2)

Units: thousand of euros

RELATED-PARTY TRANSACTIONS EXPENSES AND INCOME		CURRENT PERIOD Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
1) Finance costs	6340			11		11
2) Management or cooperation contracts	6341					
3) R+D transfers and licensing agreements	6342					
4) Leases	6343			239		239
5) Services received	6344					
6) Purchase of goods (finished or under construction)	6345	192.987		278.257		471.244
7) Impairment losses on irrecoverable or doubtful receivables	6346					
8) Losses on derecognition or disposal of assets	6347					
9) Other expenses	6348	5		56		61
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 +9)	6350	**192.992**		**278.563**		**471.555**
10) Finance income	6351			5.745		5.745
11) Management or cooperation contracts	6352					
12) R+D transfers and licensing agreements	6353					
13) Dividends received	6354					
14) Leases	6355			1.262		1.262
15) Rendering of services	6356	3.725		17.881		21.606
16) Sale of goods (finished or under construction)	6357					
17) Gains on derecognition or disposal of assets	6358					
18) Other income	6359					
INCOMES (10+ 11 + 12 + 13 + 14 +15 + 16 + 17 + 18)	6360	**3.725**		**24.888**		**28.613**

OTHER TRANSACTIONS		CURRENT PERIOD Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
Purchase of tangible and intangible assets or other assets	6371					
Financial agreement : credit and contribution of capital (moneylender)	6372					
Financial lease agreements (lessor)	6373					
Amortization or cancelation of credits and lease agreements (lessor)	6377					
Sell of tangible and intangible assets or other assets	6374					
Financial agreement, loans and contribution of capital (borrower)	6375					
Financial lease agreements (lessee)	6376					
Amortization or cancelation of credits and lease agreements (lessee)	6378					
Guarantees and deposits extended	6381					
Guarantees and deposits received	6382					
Commitments undertaken	6383					
Commitments/guarantees cancelled	6384					
Distribution of dividends and other benefits	6386	46.463				46.463
Other transactions	6385					

V. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS / CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD

(1) Notes to the financial statements: This section will be used to attach the notes to the interim financial statements and the other select financial information in Chapter IV of this document, and this will at least contain the minimum disclosures required by the Instructions to draw up the half-yearly financial report.

(2) Condensed financial statements:

(2.1) Issuers preparing condensed consolidated financial statements: If the forms for consolidated financial statements in sections 6, 7, 8, 9 and 10.A or 10.B of Chapter IV Select financial information do not meet the requisites established by international accounting regulations adopted as applicable to interim financial information; or if the issuer voluntarily prepares consolidated condensed financial statements for the interim period using its own format of condensed financial statements, it will attach the consolidated condensed financial statements for the interim period to this section, which will at least contain the minimum disclosures required by international accounting regulations adopted as applicable to interim financial information, without prejudice to the obligation to supply the additional financial information in Chapter IV Select financial information.

(2.2) Issuers not prepared condensed consolidated financial statements: Exceptionally, if the forms for separate financial statements in sections 1, 2, 3, 4 and 5 of Chapter IV Select financial information do not meet the requisites of Article 13 of Royal Decree 1362/2007; or if the issuer voluntarily prepares condensed separate financial statements for the interim period using its own format of condensed financial statements, it will attach the condensed separate financial statements for the interim period to this section, which will at least contain the minimum disclosures required by section C.2.1) herein, without prejudice to the obligation to supply the additional financial information in Chapter IV Select financial information.

VI. INTERIM MANAGEMENT REPORT

VII. AUDITOR'S REPORT

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

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

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

Deloitte. pwc

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

Scope of the review

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

Conclusion

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

Deloitte, S.L. inscrita en el Registro Mercantil de Madrid, tomo 13.650. sección 8ª, folio 188, hoja M-54414, inscripción 96ª, C.I.F.:B-79104469.
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Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Emphasis of matter paragraph

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

Report on Other Legal and Regulatory Requirements

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

Paragraph on other matters

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

DELOITTE, S.L.

José Luis Aller

26 April 2017

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Raúl Llorente Adrián

26 April 2017

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

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

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

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, SA AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2017 AND 30 SEPTEMBER 2016

(Thousands of Euros)

ASSETS	Note	31-03-2017	30-09-2016	EQUITY AND LIABILITIES	Note	31-03-2017	30-09-2016
				EQUITY:			
NON-CURRENT ASSETS:				Share capital	8	26,550	26,550
Property, plant and equipment	5	188,793	189,841	Share premium		867,808	867,808
Investment property		18,587	18,732	Reserves of the Parent		15,738	10,828
Goodwill	4	923,958	919,104	Reorganisation reserves		(753,349)	(753,349)
Other intangible assets	4	575,286	602,363	Reserves at consolidated companies		214,824	223,914
Investments in associates		2,175	1,401	Translation differences		115	107
Other non-current financial assets	6	4,711	27,182	Reserve for first-time application of IFRSs		19,950	19,950
Deferred tax assets		20,057	22,399	Consolidated profit for the period		76,590	132,079
Total non-current assets		1,733,567	1,781,022	Interim dividend		-	(33,119)
				Treasury shares	8	(8,192)	(5,032)
				Equity attributable to shareholders of the Parent		460,034	489,736
				Minority interests		2,054	2,132
				Total equity		462,088	491,868
				NON-CURRENT LIABILITIES:			
				Other non-current financial liabilities	7	4,731	4,743
				Other non-current liabilities		19	19
				Long-term provisions	9	40,425	32,830
				Deferred tax liabilities		312,117	328,717
CURRENT ASSETS:				Total non-current liabilities		357,292	366,309
Inventories		1,045,588	1,085,829				
Trade and other receivables		1,635,800	1,777,162				
Tax receivables		22,291	7,596	CURRENT LIABILITIES:			
Other current financial assets	6	1,814,100	2,039,101	Other current financial liabilities	7	33,398	33,627
Cash and cash equivalents		131,109	23,625	Trade and other payables		922,465	888,055
Other current assets		16,017	8,382	Tax payables		4,469,586	4,784,977
Total current assets		4,664,905	4,941,695	Short-term provisions	9	15,442	17,138
NON-CURRENT ASSETS HELD FOR SALE		13	100	Other current liabilities		138,214	140,843
				Total current liabilities		5,579,105	5,864,640
TOTAL ASSETS		6,398,485	6,722,817	TOTAL EQUITY AND LIABILITIES		6,398,485	6,722,817

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

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

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

(Thousands of Euros)

	Note	31-03-2017	31-03-2016
Revenue	12	4,526,982	4,574,931
Procurements		(4,015,071)	(4,076,534)
Gross profit		**511,911**	**498,397**
Cost of logistics networks:			
Staff costs		(93,748)	(84,912)
Transport costs		(107,164)	(104,202)
Provincial sales office expenses		(35,132)	(36,229)
Depreciation and amortisation charge		(42,499)	(44,146)
Other operating expenses		(90,199)	(88,760)
Total cost of logistics networks		(368,742)	(358,248)
Commercial expenses:			
Staff costs		(22,334)	(21,307)
Other operating expenses		(11,440)	(11,164)
Total commercial expenses		(33,774)	(32,471)
Research expenses:		(1,086)	(862)
Head office expenses:			
Staff costs		(28,252)	(28,060)
Depreciation and amortisation charge		(665)	(621)
Other operating expenses		(10,675)	(9,996)
Total head office expenses		(39,592)	(38,677)
Share of results of companies		774	(85)
Net loss on disposal and impairment of non-current assets		57	648
Other results		(24)	1
Profit from operations		**69,524**	**68,703**
Finance income		23,978	6,332
Finance costs		(707)	(1,621)
Profit before tax	12	**92,795**	**73,414**
Income tax	14	(16,236)	(21,922)
Profit for the period from continuing operations		**76,559**	**51,492**
Loss for the period from discontinued operations net of tax		(42)	(150)
Profit for the period		**76,517**	**51,342**
Attributable to-			
Shareholders of the Parent Company		76,590	51,158
Minority interests		(73)	184
Basic earnings per share	3	**0,58**	**0.39**

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

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

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

(Thousands of Euros)

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

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

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 2017 AND 2016

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Valuation Adjustments	Consolidated Profit for the Period	Interim Dividend	Treasury Shares	Equity attributable to the Shareholder of the Parent	Minority Interests	Total Equity
Balance at 30 September 2015	26,550	867,808	369	(753,349)	204,498	136	19,950	109,193	(31,860)	(670)	442,615	1,815	444,430
Net profit for the period attributable to the Parent	-	-	-	-	-	59	-	51,158	-		51,217		51,217
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	184	184
Income and expenses recognised in the period	-	-	-	-	-	59	-	51,158			51,217	184	51,401
I. Transactions with Shareholders:													
Distribution of profit:											-	-	-
To reserves	-	-	8,697	-	2,382	-	-	(11,079)	-	-			
Dividends	-	-	-	-	-	-	-	(98,114)	31,860	-	(66,254)		(66,254)
On treasury shares operations :	-	-	-	-	-	-	-	-	-	(3,754)	(3,754)	-	(3,754)
II. Other changes	-	-	801	-	-	-	-	-	-	-	801	(5)	796
Balance at 31 March 2016	26,550	867,808	9,857	(753,349)	206,880	195	19,950	51,158	-	(4,424)	424,625	1,994	426,619

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Valuation Adjustments	Consolidated Profit for the Period	Interim Dividend	Treasury Shares	Equity attributable to the Shareholder of the Parent	Minority interests	Total Equity
Balance at 30 September 2016	26,550	867,808	10,828	(753,349)	223,914	107	19,950	132,079	(33,119)	(5,032)	489,736	2,132	491,868
Net profit for the period attributable to the Parent	-	-	-	-	-	8	-	76,590	-		76,598		76,598
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	(73)	(73)
Income and expenses recognised in the period	-	-	-	-	-	8	-	76,590			76,598	(73)	76,525
I. Transactions with Shareholders:													
Distribution of profit:											-	-	-
To reserves	-	-	3,671	-	9,272	-	-	(12,943)	-	-			
Dividends (Note 3)	-	-	-	-	-	-	-	(119,136)	33,119	-	(86,017)		(86,017)
On treasury shares operations (Note 8b):	-	-	-	-	-	-	-	-	-	(3,160)	(3,160)	-	(3,160)
II. Other changes	-	-	1,239	-	(18,362)	-	-	-	-	-	(17,123)	(5)	(17,128)
Balance at 31 March 2017	26,550	867,808	15,738	(753,349)	214,824	115	19,950	76,590	-	(8,192)	460,034	2,054	462,088

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2017 AND 2016

(Thousands of Euros)

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

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

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

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

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

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

a) *Introduction*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c) *Use of estimates*

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

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

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

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

d) *Contingent assets and liabilities*

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

e) *Comparability of the information*

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

f) *Seasonality of the Group's transactions*

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

g) Materiality

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

2. Changes in the Group's composition

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

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

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

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

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

3. Dividends paid by the Parent Company

a) *Dividends paid by the Parent Company*

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

b) *Earnings per share*

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

Earnings per share are calculated as follows:

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

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

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

4. Intangible assets

a) *Goodwill*

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

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

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

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

b) *Other intangible assets*

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

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

5. Property, plant and equipment

a) *Movement in the period*

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

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

b) *Impairment losses*

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

c) *Property, plant and equipment purchase commitments*

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

6. Financial assets

a) Detail and disclosure

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

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

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

Loans granted to third parties

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

Loans granted to related parties

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

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

Available for sale financial assets

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

b) Impairments

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

7. Other current financial liabilities

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

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

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

8. Equity

a) Share capital

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

b) Treasury shares

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

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

9. Provisions and contingent liabilities

a) *Detail and movement*

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

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

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

b) Provisions for tobacco excise duties and customs duty assessments

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

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

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

c) *Provision for obligations to employees*

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

During the first semester of 2017, EUR 6,860 thousand have been registered as a consequence of a sentence issued by the hearing room of Audiencia Nacional in which Compañía de Distribución Integral Logista, S.A.U. is condemned to the recognition of the perception, once retired, of the monetary amount equivalent to the free tobacco perceived as active personnel to those workers that, coming from the Altadis, S.A.U, had retired after 2005. This sentence has been appealed by Compañía de Distribución Integral Logista, S.A.U. in the Supreme Court.
During the first semester of 2016, there was no significant movement in relation to these provisions.
The payments performed during these periods amounted to EUR 391 thousand and EUR 355 thousand, respectively.

*d) **Provision for restructuring costs***

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

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

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

*e) **Provision for contingencies and charges***

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

*f) **Provision for customer refunds***

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

10. Related parties

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

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

Transactions

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

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

Balances

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

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

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

11. Information about remunerations

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

Remuneration of Directors

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

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

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

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

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

Remuneration of the Senior Managers

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

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

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

Incentive Plans

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

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

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

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

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

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

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

12. Segmented information

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

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

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

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

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

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

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

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

13. Average number of employees

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

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

14. Tax matters

The Logista Group companies (whose fiscal consolidation parent company is Imperial Tobacco España, S.L.U.) calculated the provision for income tax at 31 March 2017 in accordance with current legislation in the countries in which they carry on their business activities and, with regard to the companies that are resident in Spain in particular, with the regulations contained in Law 27/2014 of 27 November 2014.

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

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

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

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

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

15. Subsequent events

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

16. Explanation added for translation to English

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

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

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

Main highlights of the H1 2017 Logista results:

- Revenues reduced by1.0% vs. the same period last fiscal year, however improved the data obtained in the first quarter of current fiscal year (-3.5%)
- The 2.7% increase of Economic Sales[1] despite the weak performance of volumes
- The slight progress of Adjusted Operating Profit and Profit from Operations, 1.0% and 1.2% respectively, burdened by the negative impact of non-recurring
- The important growth recorded by Net Income, close to 50%

Key Metrics Summary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenues Evolution (By Segment and Activity)

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

Economic Sales Evolution (By Segment and Activity)

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

Adjusted EBIT Evolution (By Segment)

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

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

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

Business Review

1. Iberia: Spain and Portugal

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

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

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

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

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

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

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

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

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

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

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

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

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

2. France

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Italy

The retail selling price increase of tobacco products carried out by the manufacturers in the third quarter of fiscal year 2016 as well as the significant increase in sales of convenience products during the first semester of current fiscal year enabled more than offsetting the impact of the decline of tobacco volumes distributed and, thus, Revenues in the Italy segment reached €1,238.0 million a 1.9% higher than the €1.214,3 million obtained in the first semester of the previous fiscal year.

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

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

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

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

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

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

4. Corporate and Others

This segment includes corporate expenses and the Polish operations.

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

Financial Result Evolution

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

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

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

Net Income Evolution

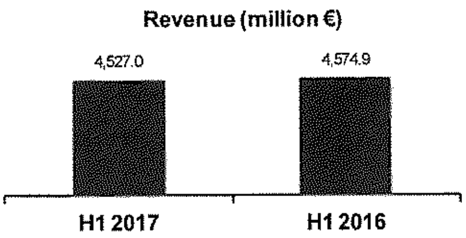
Earnings before Taxes increased by 26.6% to €92.8 million and Net Income increased by 49.7% to reach €76.6 million.

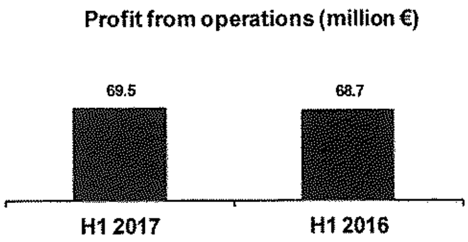
The reduction in the effective consolidated tax rate recorded in the period, that reached 17.5% vs. 29.9% in the same period last year, is explained in its vast majority by the fact that the capital gain derived from the sale of the affiliate in Italy pays a much reduced rate. Moreover, it so happens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

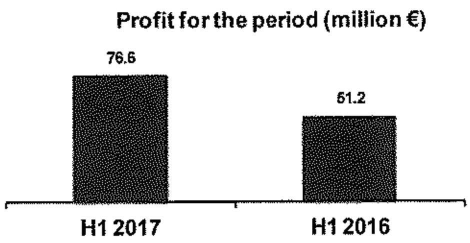
Earnings per Share were €0.58 vs. €0.39 in the first half of 2016, with no variations in the number of shares.

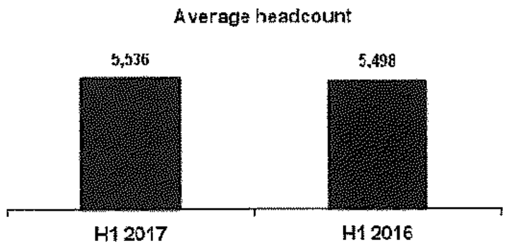
At the end of the first half, the Company owned 415,621 own shares.

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









CASH FLOW

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

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

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

DIVIDEND POLICY

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

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

OUTLOOK

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

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

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

RISK EXPOSURE

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

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

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

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

Among the main risks, it is important to highlight:

- The Group's Businesses are subject to compliance of numerous general and industry laws and regulations, with European, national, regional and local reach, in every country where it operates, exposing the Group to potential failures to comply and the corresponding sanctions or claims and, on the other hand, to increasing costs for supervision of compliance and control.

- European Directive 2014/40/UE (3 April 2014), whose transposition period by the respective UE members ended on May 20, 2016, establishes tighter rules for tobacco products, related among others, to labelling, ingredients, track and trace and cross-border trade could affect the sold volume.

- Liberalization in the main markets where the Group operates as tobacco derived products authorized distributor where currently exists a State monopoly for retail sale of these products could affect results, if the measures already planned by the Group were not implemented.

- Main operational risks may occur are related to theft of tobacco in facilities and during transport associated to increases in insurance premiums, as well as to technological risks associated to the lack of (or faulty) availability of the Information System.

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

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

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

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

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

- The Group estimates that at 30 September 2016 the level of exposure to credit risk of its financial assets is not significant.

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

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

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

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

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

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

ENVIRONMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SIGNIFICANT EVENTS FOR THE GROUP AFTER THE REPORTING PERIOD

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

RESEARCH AND DEVELOPMENT ACTIVITIES

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

TREASURY SHARES

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

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

USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No Group company uses derivative financial instruments.