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

Interim Condensed Consolidated Financial Statements for the six-month period ended 31 March 2016 and Interim Directors' Report, 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.

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

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

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REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (onwards "the interim financial statements") of Compañía de Distribución Integral Logista Holdings, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the interim balance sheet as at 31 March 2016, and the interim income statement, interim statement of comprehensive income and expense, interim statement of changes in equity, interim statement of cash flows and explanatory notes thereto, all of the statements in question being interim condensed consolidated financial statements, 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 2016 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.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

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 2015. 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 2016 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. 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 2016. 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 35 of Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007 of 19 October.

DELOITTE, S.L.

José Luis Aller

27 April 2016

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

Interim Condensed Consolidated Financial Statements for the period ended 31 March 2016 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, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2016 AND 30 SEPTEMBER 2015

(Thousands of Euros)

ASSETS	Note	31-03-2016	30-09-2015
NON-CURRENT ASSETS:			
Property, plant and equipment	5	192,234	202,241
Investment property		19,047	12,632
Goodwill	4	919,104	919,104
Other intangible assets	4	629,588	660,705
Investments in associates		414	478
Other non-current financial assets	6	8,438	9,057
Deferred tax assets		29,949	40,904
Total non-current assets		1,798,774	1,845,121
CURRENT ASSETS:			
Inventories		1,097,570	1,060,502
Trade and other receivables		1,620,322	1,755,996
Tax receivables		16,234	11,935
Other current financial assets	6	1,527,888	1,775,550
Cash and cash equivalents		133,616	22,714
Other current assets		17,443	5,124
Total current assets		4,413,073	4,631,821
NON-CURRENT ASSETS HELD FOR SALE		401	1,091
TOTAL ASSETS		6,212,248	6,478,033

EQUITY AND LIABILITIES	Note	31-03-2016	30-09-2015
EQUITY:			
Share capital	8	26,550	26,550
Share premium	8	867,808	867,808
Reserves of the Parent	8	9,857	359
Reorganisation reserves	8	(753,349)	(753,349)
Reserves at consolidated companies	8	206,880	204,498
Translation differences		195	136
Reserve for first-time application of IFRSs	8	19,950	19,950
Consolidated profit for the period		51,158	109,193
Interim dividend		-	(31,860)
Treasury shares		(4,424)	(670)
Equity attributable to shareholders of the Parent		424,625	442,615
Minority interests		1,994	1,815
Total equity		426,619	444,430
NON-CURRENT LIABILITIES:			
Other non-current financial liabilities	7	4,944	4,995
Other non-current liabilities		47	154
Long-term provisions	9	38,678	43,011
Deferred tax liabilities		343,709	328,131
Total non-current liabilities		387,378	376,291
CURRENT LIABILITIES:			
Bank borrowings	7	-	7
Other current financial liabilities	7	32,679	31,658
Trade and other payables		902,453	897,640
Tax payables		4,361,861	4,600,983
Short-term provisions	9	16,748	16,795
Other current liabilities		84,510	110,229
Total current liabilities		5,398,251	5,657,312
TOTAL EQUITY AND LIABILITIES		6,212,248	6,478,033

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated balance sheet at 31 March 2016.

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

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2016 AND 2015

(Thousands of Euros)

	Note	31-03-2016	31-03-2015
Revenue	12	4,574,931	4,481,893
Procurements		(4,076,534)	(3,987,690)
Gross profit		**498,397**	**494,203**
Cost of logistics networks:			
Staff costs		(84,912)	(87,525)
Transport costs		(104,202)	(100,933)
Provincial sales office expenses		(36,229)	(38,149)
Depreciation and amortisation charge		(44,146)	(42,713)
Other operating expenses		(88,760)	(70,091)
Total cost of logistics networks		(358,248)	(339,412)
Commercial expenses:			
Staff costs		(21,307)	(20,613)
Other operating expenses		(11,164)	(11,083)
Total commercial expenses		(32,471)	(31,696)
Research expenses:		(862)	(1,342)
Head office expenses:			
Staff costs		(28,060)	(33,351)
Depreciation and amortisation charge		(621)	(1,969)
Other operating expenses		(9,996)	(17,179)
Total head office expenses		(38,677)	(52,498)
Share of results of companies		(85)	532
Net loss on disposal and impairment of non-current assets		648	(53)
Other results		1	(3)
Profit from operations		**68.703**	**69,730**
Finance income		6,332	5,235
Finance costs		(1,621)	(2,079)
Profit before tax	12	**73,414**	**72,886**
Income tax	14	(21,922)	(25,469)
Profit for the period from continuing operations		**51,492**	**47,417**
Loss for the period from discontinued operations net of tax		(150)	(150)
Profit for the period		**51,342**	**47,267**
Attributable to-			
Shareholder of the Parent Company		51,158	47,087
Minority interests		184	180
Basic earnings per share	3	**0.39**	**0.35**

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 2016.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2016 AND 2015

(Thousands of Euros)

	31-03-2016	31-03-2015
Profit for the year	**51,342**	**47,267**
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	59	10
Net gain (loss) on taxes recognised directly in equity	-	-
Total other comprehensive income	**59**	**10**
Total comprehensive income fot the year	**51,401**	**47,277**
Attributable to-		
Shareholders of the Parent Company	51,217	47,097
Minority interests	184	180
Total atributable	**51,401**	**47,277**

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 2016.

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 2016 AND 2015
(Thousands of Euros)

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Valuation Adjustments	Consolidated Profit for the Period	Interim Dividend	Equity attributable to the Shareholder of the Parent	Minority interests	Total Equity
Balance at 30 September 2014	26,550	942,148	(176)	(753,349)	142,676	180	19,950	102,347	(39,825)	440,501	1,927	442,428
Net profit for the period attributable to the Parent	-	-	-	-	-	10	-	47,087	-	47,097		47,097
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	180	180
Income and expenses recognised in the period	-	-	-	-	-	10	-	47,087		47,097	180	47,277
I. Transactions with Shareholders:												
Distribution of profit:												
To reserves	-	-	(424)	-	102,771	-	-	(102,347)	-	-	-	-
Dividends	-	-	-	-	(39,825)	-	-	-	39,825	-	-	-
Distribution of dividends:	-	(74,340)	-	-	-	-	-	-	-	(74,340)	-	(74,340)
II. Other changes	-	-	240	-	-	-	-	-	-	240	-	240
Balance at 31 March 2015	26,550	867,808	(360)	(753,349)	205,622	190	19,950	47,087	-	413,498	2,107	415,605

	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	359	(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 (Note 3)	-	-	-	-	-	-	-	(98,114)	31,860	-	(66,254)		(66,254)
On treasury shares operations (Note 8b):	-	-	-	-	-	-	-	-	-	(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)	206,808	195	19,950	51,158	-	(4,424)	424,625	1,994	426,619

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 2016.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIODS ENDED
31 MARCH 2016 AND 2015
(Thousands of Euros)

	Note	31-03-2016	31-03-2015
1. OPERATING ACTIVITIES:			
Consolidated profit before tax from continuing operations		**73,414**	**72,885**
Adjustments for-			
Profit of companies accounted for using the equity method		85	(532)
Depreciation and amortisation charge		44,803	44,852
Impairments		-	36
Period provisions	9	5,590	4,523
Proceeds from disposal of non-current assets		(648)	16
Financial profit		(4,711)	(3,155)
Other results		801	240
Adjusted profit		**119,333**	**118,865**
Net change in assets / liabilities-			
(Increase)/Decrease in inventories		(34,665)	(69,179)
(Increase)/Decrease in trade and other receivables		130,403	(25,208)
(Increase)/Decrease in other non current assets		(12,319)	(5,418)
Increase/(Decrease) in trade payables		(234,309)	(48,666)
Increase/(Decrease) in other current liabilities		(22,177)	(251,923)
Increase (Decrease) in other non-current liabilities		(158)	(196)
Income tax paid		(11,089)	(21,198)
Finance income and costs		4,711	3,413
Total net cash flows from operating activities (I)		**(60,270)**	**(299,509)**
2. INVESTING ACTIVITIES:			
Net investment in property, plant and equipment	5	(3,261)	(7,581)
Addition to intangible assets	4	(4,575)	(6,344)
Proceeds from financial investments and other current and non-current financial assets		248,281	367,185
Total net cash flows from investing activities (II)		**240,445**	**353,260**
3. FINANCING ACTIVITIES:			
Dividends paid (-)	3	(66,454)	(74,340)
Other equity instruments		(3,754)	-
Changes in current borrowings		1.014	112
Changes in non-current borrowings		(158)	(196)
Total net cash flows from financing activities (III)		**(69,273)**	**(74,424)**
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**110,902**	**(20,673)**
Cash and cash equivalents at beginning of year		**22,714**	**31,816**
Net change in cash and cash equivalents during the year		110,902	(20,673)
Total cash and cash equivalents at end of year		**133,616**	**11,143**

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 2016.

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 2016

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 (formerly named Imperial Tobacco Group Plc). 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 2015 were formally approved by the General Shareholders' Meeting on 16 March 2016.

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 26 April 2016 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 2015. 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 2015.

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 2015, and additionally the standards and interpretations which have an obligatory application for the Group since 1 October 2015 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
IAS 19 (Revised) Defined Benefit Plans: Employee Contributions (published in November 2013)	The amendment was issued to make it possible to deduct these costs contributions of the service cost in the same period in which they are paid when certain requirements are met.	1 February 2015
Improvements to the 2010-2012 IFRS Cycles (published in December 2013).	Minor amendments to a number of standards.	1 February 2015

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 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 IFRS 10 and IAS 28 Sale on contribution of assets between an investor and its associate or joint venture (published in May 2011)	It specifies how to account the sale on contribution of assets between an investor and its associate or joint venture	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
Amendment to IAS 12 Recognitions of deferred asset taxes for unrealized losses (published in January 19, 2016)	It refers to the DTS of available items for the sale of debt with fair value lees tan 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
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

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 2015.

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, 6 and 7).

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 2016, 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 2015 provides information regarding the contingent assets and liabilities as of such date. During the first six months of 2016 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 2015 and 30 September 2015 contained in these notes to the interim condensed consolidated financial statements is presented with the information relating to the period ended 31 March 2016 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 2016***

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

*b) **Changes in the scope of consolidation during the six month period ended as of 31 March 2015***

On 23 March 2015, the Sole Shareholder of Logista France, S.A.S., Compañía de Distribución Integral Logista S.A.U., approved the merger by absorption of the investees Logista France, S.A.S. and Strator, S.A.S. (absorbed company). Accordingly, Logista France, S.A.S. absorbed Strator, S.A.S., which was dissolved without liquidation, and thereby acquires all of its assets and liabilities by universal succession and is subrogated to all of the rights and obligations thereof, under the French regime provided for in Article 1844-5 of the French Civil Code and Article 5 of the Companies Decree of 23 March 1967. This merger became effective for accounting purposes from 1 October 2014. This transaction did not have any effect on the Group's consolidated financial statements.

3. Dividends paid by the Parent Company

*a) **Dividends paid by the Parent Company***

On 16 March 2016 the Shareholders´ General Meeting of the Parent Company has approved the distribution of the result of 2015, which included an interim dividend of result of that year that was approved by the Board of Directors and liquidated before, of EUR 31,860 thousand and a complementary dividend of EUR 66,375 thousand.

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:

	31-03-2016	31-03-2015
Net profit for the period (thousands of euros)	51,158	47,087
Weighted average number of shares issued (thousands of shares) (*)	132,613	132,750
Earnings per share (euros)	**0.39**	**0.35**

(*) During the first six months of the period ended 31 March 2016, the Parent Company acquired through a purchase and sale agreement 202,000 treasury shares.

At 31 March 2016 and 2015, there were no dilutive effects on basic earnings per share.

4. Intangible assets

a) Goodwill

The disclosure of this caption as of 31 March 2016 and 30 September 2015 is the following:

	Thousands of Euros	
	31-03-16	30-09-15
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	321	321
Total	**919,104**	**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 2015.

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 2016 and 2015 the Group has not recorded any impairment on these assets.

b) Other intangible assets

During the first six months of 2016 and 2015 the Group has recorded additions to this caption by EUR 4,575 and EUR 6,344 thousand respectively, which are mainly related to new functional development projects for the Group's existing applications to improve or increase the services provided to its customers and the implementation of new management systems (SAP) in certain business segments.

During the first six months of 2016 and 2015 no impairment has been recorded on these elements.

5. Property, plant and equipment

a) Movement in the period

During the first six months of 2016 and 2015 the Group has acquired elements of Property, plant and equipment for EUR 4,666 and EUR 7,581 thousand, respectively, mainly due to the installation of a new line of picking in Lyon (France) and investments in the system of track and trace.

In addition, during the first six months of 2016 and 2015 the Group wrote off elements of Property, plant and equipment with a net booked value of EUR 729 and EUR 47 thousand, respectively, which generated an impact on the accompanying interim condensed consolidated income statements of EUR 682 and EUR -17 thousand, respectively.

b) Impairment losses

During the first six months of 2016 and 2015 no impairment has been recorded on these elements.

c) Property, plant and equipment purchase commitments

As of 31 March 2016 and 2015 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 2016 and 30 September 2015, attending to their nature and category for the purposes of their valuation, is as follows:

	Thousands of Euros				
	31-03-2016				
Financial Assets: Nature/Category	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 11)	Short-Term Deposits and Guarantees	Available-for-Sale Financial Assets	Total
Equity instruments	-	-	-	3,893	3,893
Financial debts	329	-	-	-	329
Other financial assets	-	-	4,216	-	4,216
Non-current	**329**	-	**4,216**	**3,893**	**8,438**
Financial debts	31,957	1,495,694	-	-	1,527,651
Other financial assets	-	-	237	-	237
Current	**31,957**	**1,495,694**	**237**	-	**1,527,888**
Total	**32,286**	**1,495,694**	**4,453**	**3,893**	**1,536,326**

	Thousands of Euros				
	30-09-2015				
Financial Assets: Nature/Category	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 11)	Short-Term Deposits and Guarantees	Available-for-Sale Financial Assets	Total
Equity instruments	-	-	-	3,891	3,891
Financial debts	1,023	-	-	-	1,023
Other financial assets	-	-	4,143	-	4,143
Non-current	**1,023**	-	**4,143**	**3,891**	**9,057**
Financial debts	31,820	1,743,488	-	-	1,755,308
Other financial assets	-	-	242	-	242
Current	**31,820**	**1,743,488**	**242**	-	**1,775,550**
Total	**32,843**	**1,743,488**	**4,385**	**3,891**	**1,784,607**

Loans granted to third parties

The venturers of "Compañía de Distribución Integral Logista, S.A.U. y GTECH Global Lottery, S.L.U., Unión Temporal de Empresas" granted a loan to this joint venture divided into equal shares which at 31 March 2016 totalled EUR 123,185 thousand. Compañía de Distribución Integral Logista, S.A.U. has recognised EUR 30,796 thousand (30 September 2015: EUR 30,909 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 2016, for the receivables from and payables to the aforementioned joint venture that correspond to the other venturer (see Note 8).

Loans granted to related parties

As of 12 June 2014, Imperial Brands Enterprise Finance Limited (formerly named Imperial Tobacco 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 2,000 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, 2015.

b) Impairments

During the first six months of 2016 and 2015 the Group has not recorded any significant impairment on its financial assets.

7. Financial liabilities

The disclosure of the Group's financial liabilities as of 31 March 2016 and 30 September 2015, attending to their nature and category for the purposes of their valuation, is as follows:

	Thousands of Euros			
	31-03-16			
Financial liabilities: Nature / Category	Debts and Accounts payable to third parties	Debts and Accounts payable to related companies (Note 11)	Guarantees and deposits received	Total
Other financial liabilities	-	-	4,944	4,944
Non-current financial liabilities	-	-	**4,944**	**4,944**
Other financial liabilities	31,021	1,658	-	32,679
Current financial liabilities	**31,021**	**1,658**	-	**32,679**
Total	**31,021**	**1,658**	**4,944**	**37,623**

	Thousands of Euros			
	30-09-15			
Financial liabilities: Nature / Category	Debts and Accounts payable to third parties	Debts and Accounts payable to related companies (Note 11)	Guarantees and deposits received	Total
Other financial liabilities	-	-	4,995	4,995
Non-current financial liabilities	-	-	**4,995**	**4,995**
Debts with credit entities	7	-	-	7
Other financial liabilities	31,209	449	-	31,658
Current financial liabilities	**31,216**	**449**	-	**31,665**
Total	**31,216**	**449**	**4,995**	**36,660**

8. Equity

a) Share capital

On 31 March 2016 and 30 September 2015 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 2016 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 2015, the Parent Company has purchased 202,000 treasury shares for EUR 3,754 thousand in the first semester of 2016. At 31 March 2016, the Parent Company holds 242,614 treasury shares, representative of the 0.18% of Share Capital.

9. Provisions and contingent liabilities

a) Detail

The detail of the balance of short and long term provisions in the accompanying condensed consolidated balance sheets at 31 March 2016 and 2015 and of the main changes therein in the periods is as follows:

	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**	**2,092**	**(42)**	**(5,093)**	**(1,289)**	**38,678**
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**	**16,748**

	Thousands of Euros					
	30-09-14	Additions	Reversion	Use	Transfers	31-03-15
Customs and excise duty assessments	16,478	258	-	(1,547)	-	15,189
Obligations to employees	14,124	740	(13)	(349)	-	14,502
Provision for restructuring costs	2,483	-	-	-	-	2,483
Provision for contingencies and charges	15,307	130	(8,184)	(779)	-	6,474
Other	6,886	456	(320)	(91)	(325)	6,606
Non-current provisions	**55,278**	**1,584**	**(8,517)**	**(2,766)**	**(325)**	**45,254**
Provision for restructuring costs	10,876	7,908	-	(5,259)	-	13,525
Customer refunds	2,453	65	-	-	-	2,518
Other	2,820	1,116	(310)	(1,748)	810	2,688
Current provisions	**16,149**	**9,089**	**(310)**	**(7,007)**	**810**	**18,731**

***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 2016, Compañía de Distribución Integral Logista, S.A.U. paid EUR3,519 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 has 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.

In the first six months of 2015, Compañía de Distribución Integral Logista, S.A.U. paid EUR 1,547 thousand related to the customs duty and import VAT for 2003, and debited to the related provision accrued for in prior years for this purpose. Also during the same period the Group received proceedings relating to settlement of customs duty for the year 2012 amounting to EUR 4.2 million and for year 2013 for EUR 9.4 million. The Group, based on the opinion of its external advisors did not accrue them, considering that appeals will not prosper. In the case of 2013, the payment of the mentioned amount was paid to the "Agencia Estatal de Administración Tributaria".

*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 2016 and 2015 there has been no significant movement in relation to these provisions. The payments performed during these periods amounted to EUR 355 thousand and EUR 349 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 2016 and 2015, EUR 2,758 thousand and EUR 7,908 thousand, respectively, have been accrued for and EUR 2,712 thousand and EUR 5,259 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 semester of 2016, there has been no significant movement in relation to these provisions. During the first semester of 2015, provisions amounting to EUR 8,184 thousand were reversed, as favourable judgments received by the Group became firm.

*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 2016 and 2015 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 2016 and 2015, as well as the balances at the end of 31 March 2016 and 30 September 2015, 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 31-03-2016 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**

Expenses and income	Thousands of Euros 31-03-2015 Main Shareholder	Group persons, companies or entities	Total
Expenses:			
Services received	-	395	395
Procurements	188,848	315,145	503,993
	188,848	**315,540**	**504,388**
Income:			
Financial income	-	4,656	4,656
Services rendered	3,601	19,111	22,712
	3,601	**23,767**	**27,368**

Balances

Balances	Thousands of Euros 31-03-2016		Total
Debitors:			
Credits	-	1,495,694	1,495,694
Accounts receivable	1,391	7,393	8,784
	1,391	**1,503,087**	**1,504,478**
Creditors:			
Loans	-	1,658	1,658
Accounts payable	39,802	129,066	168,868
	39,802	**130,724**	**170,526**

Balances	Thousands of Euros 30-09-2015 Main Shareholder	Group persons, companies or entities	Total
Debitors:			
Credits	-	1,743,488	1,743,488
Accounts receivable	1,575	4,502	6,077
	1,575	**1,747,990**	**1,749,565**
Creditors:			
Loans	-	449	449
Accounts payable	26,386	135,757	162,143
	26,386	**136,206**	**162,592**

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 2015 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 2016 and 2015 totalled EUR 2,859 thousand and EUR 2,500 thousand, respectively.

In addition, corporate contributions to pension plan for the first six months of 2016 and 2015 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 2016 and 2015 amount to EUR 9 thousand and EUR 2 thousand, respectively.

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 2016 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 2016 by the members of the Management Committee, excluding executive directors amounted to EUR 3,722 thousand (EUR 3,690 thousand in the first six months of 2015).

The period contributions to the pension plans for members of the Management Committee in the first six months of 2016 and 2015 amounted to EUR 19 thousand and EUR 24 thousand, respectively.

Incentive Plans

In Note 4.12 of the Notes to the Consolidated Financial Statements of the Group for the year ended September 30, 2015 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 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.

12. Segmented information

The Note 25 to the Group's consolidated financial statements for the year ended 30 September 2015 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 2016 and 2015 is as follows:

Revenues by Geographical area	Thousands of Euros	
	31-03-2016	31-03-2015
Iberia	1,251,012	1,220,357
Italy	1,214,315	1,170,010
France	2,123,303	2,106,332
Corporate and others	5,612	5,445
Inter-segment sales	(19,311)	(20,251)
Total	**4,574,931**	**4,481,893**

The reconciliation of the segmented profit before tax with the consolidated profit before tax as of 31 March 2016 and 2015 is as follows:

Profit before tax	Thousands of Euros	
	31-03-2016	31-03-2015
Segments		
Iberia	39,915	45,684
Italy	25,824	28,203
France	8,583	1,283
Corporate and others	(5,534)	(5,972)
Share of results of companies	(85)	532
Financial result	4,711	3,156
PROFIT BEFORE TAX	**73,414**	**72,886**

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

	31-03-2016				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	141,828	24,005	45,601	248	211,682
Other non-current assets	67,273	673,885	846,324	11	1,587,493
Inventories	417,271	221,227	459,072	-	1,097,570
Trade receivables	478,974	309,009	831,489	850	1,620,322
Other current assets					1,695,181
Total consolidated assets					**6,212,248**
Liabilities-					
Non-current liabilities	88,024	39,588	259,766	-	387,378
Current liabilities	1,271,230	1,590,868	2,535,236	917	5,398,251
Equity					426,619
Total consolidated liabilities					**6,212,248**

	30-09-2015				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	140,434	27,466	47,780	284	215,964
Other non-current assets	79,945	676,005	874,284	14	1,630,248
Inventories	390,051	222,954	447,497	-	1,060,502
Trade receivables	490,458	336,389	928,304	845	1,755,996
Other current assets					1,815,323
Total consolidated assets					**6,478,033**
Liabilities-					
Non-current liabilities	97,844	40,661	237,786	-	376,291
Current liabilities	1,371,511	1,681,189	2,603,706	907	5,657,312
Equity					444,430
Total consolidated liabilities					**6,478,033**

13. Average number of employees

The average number of employees at the Group for the first six months of the period ended 31 March 2016 and 2015 is as follows:

	31-03-2016	31-03-2015
Men	3,540	3,482
Women	1,958	1,968
Total	**5,498**	**5,450**

14. Tax matters

The Logista Group companies calculated the provision for income tax at 31 March 2016 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 and for Customs duties for year 2014 for Compañía de Distribución Integral Logista, S.A.U. are in the process of inspection and, in the case of Logista France, S.A.S. Customs duties for years 2012 and 2013.

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.

15. Subsequent events

There have been no significant events since the end of the six month period ended March 31, 2016 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 2016

The Logista Group closed on 31st March 2016 its first half of fiscal year 2016. The main highlights of its results are:

- Revenues growing by 2.1%
- Economic Sales1up by 0.8%
- Adjusted Operating Profit registered a 5.8% drop while Profit from Operations declined by 1.4% due to non-recurring positive impacts in the previous year
- Growth of Net Income by 8.7%

KEY METRICS SUMMARY

Data in million euros	1 Oct. 2015 - 31 Mar. 2016	1 Oct. 2014 - 31 Mar. 2015	% Change
Revenues	4,574.9	4,481.9	2.1%
Economic Sales	498.4	494.2	0.8%
Adjusted Operating Profit	99.0	105.1	(5.8)%
Margin over Economic Sales	19.9%	21.3%	-140 b.p.
Profit from Operations	68.7	69.7	(1.4)%
Net Income	51.2	47.1	8.7%

The first half of this fiscal year has characterised by the increasing macroeconomic uncertainties worldwide and, specifically, in Europe. The slowdown in the Chinese economy, the volatility of oil prices and the weakness of some indicators in Germany and the United States added to the political risks in the European Union and in Spain, in particular, to the uncertainties with respect to the date of the formation of its next Government.

However, in spite of the previously described scenario, during the first half the stability in the macroeconomic situation has been the general trend in the countries in which the Group operates.

In this context, the recurring activity continued recording a positive performance across the three geographical segments that translated into Revenues, Economic Sales and Adjusted EBIT growth. Nonetheless, the positive effect during the second quarter last year of non-recurring elements in the Iberia and Italy segments, translated into a negative yearly comparison in the reported results.

At the Revenues level, the evolution during the second quarter of the fiscal year has been similar to the first quarter and the growth in Tobacco and related in all geographies and in the Pharma business in Iberia more than offset the slight drop in Revenues from Transport (due to the change in the consolidation perimeter in the third quarter of 2015) and Other business in France.

The performance of tobacco volumes distributed by the Group (cigarettes and RYO) during the period was positive, +1.3% above the volumes distributed in the first half of fiscal year 2015 (in that period, the year-on-year drop was 0.7%). During the second quarter of this fiscal year, the cigarette and RYO distributed volumes grew by 1.8% compared to a 0.5% yearly drop recorded in the second quarter last year after the retail selling price increases in Spain and Italy.

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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 stability on tobacco products' retail selling prices with respect to the precedent year continues favouring gentle volume increases boosted by the economic recovery and the continuous measures carried out by the Governments in fighting the illicit trade of these products.

Economic Sales grew in the three segments in most of the activities, recording the most significant growths in Pharma and Transport and in tobacco and related in France. These growths offset the drops in tobacco and related in Spain and the stability in Italy which year-on-year comparison was negatively affected despite the growths recorded by the recurring activity in both cases.

The Adjusted EBIT reduced by 5.8% and the Adjusted EBIT margin over Economic Sales reached 19.9% compared to the 21.3% obtained in the first half of fiscal year 2015. Removing the impact of the non-recurring positive ruling of some litigations, the margin was practically stable in the recurring activity during both periods.

The differential impact of restructuring costs in the first half of this fiscal year (€4.7 million) and in the same period last year (€9.7 million) reduced the drop in Profit from operations to 1.4%.

Net Income increased by 8.7%, due to the good performance of Financial Results that grew 49.3% and to the reduction of the corporate tax rate for the Group derived from the lower applicable tax rate in Spain and, specially, to the reduction of the effective tax rate in this country compared to the one recorded in the previous year.

Revenues Evolution (By Segment and Activity)

Data in million euros	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015	% Change
Iberia	**1,251.0**	**1,220.4**	**2.5%**
Tobacco & Related	1,065.5	1,033.5	3.1%
Transport Services	165.3	168.9	(2.1)%
Other Businesses	66.0	61.5	7.3%
Adjustments	(45.8)	(43.5)	(5.2)%
France	**2,123.3**	**2,106.3**	**0.8%**
Tobacco & Related	2,026.1	2,004.3	1.1%
Other Businesses	100.2	105.8	(5.4)%
Adjustments	(3.0)	(3.8)	20.7%
Italy	**1,214.3**	**1,170.0**	**3.8%**
Tobacco & Related	1,214.3	1,170.0	3.8%
Corporate & Others	**(13.7)**	**(14.8)**	**7.5%**
Total Revenues	**4,574.9**	**4,481.9**	**2.1%**

Economic Sales Evolution (By Segment and Activity)

Data in million euros	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015	% Change
Iberia	**247.3**	**245.2**	**0.9%**
Tobacco & Related	118.6	119.3	(0.5)%
Transport Services	114.5	113.4	0.9%
Other Businesses	35.5	33.0	7.4%
Adjustments	(21.3)	(20.6)	(3.4)%
France	**138.8**	**136.4**	**1.8%**
Tobacco & Related	116.2	114.7	1.4%
Other Businesses	25.1	25.2	(0.6)%
Adjustments	(2.5)	(3.5)	28.1%
Italy	**109.3**	**109.2**	**0.1%**
Tobacco & Related	109.3	109.2	0.1%
Corporate & Others	**3.0**	**3.4**	**(12.7)%**
Total Economic Sales	**498.4**	**494.2**	**0.8%**

Adjusted EBIT Evolution (By Segment)

Data in million euros	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015	% Change
Iberia	**43.0**	**49.9**	**(13.8)%**
France	**34.7**	**32.7**	**6.1%**
Italy	**27.5**	**28.3**	**(2.8)%**
Corporate & Others	**(6.2)**	**(5.9)**	**(6.7)%**
Total Adjusted EBIT	**99.0**	**105.1**	**(5.8)%**

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 half of fiscal year 2016 and 2015 is shown:

Data in million euros	1 Oct. 2015 – 31 Mar. 2016	1 Oct. 2014 – 31 Mar. 2015
Adjusted Operating Profit	**99.0**	**105.1**
(-) Restructuring Costs	(4.7)	(9.7)
(-) Amortization of Assets Logista France	(26.1)	(26.1)
(-) Net Loss of Disposal and Impairment of Non-Current Assets	0.6	(0.1)
(-) Share of Results of Companies and Others	(0.1)	0.5
Profit from Operations	**68.7**	**69.7**

BUSINESS REVIEW

1. Iberia : Spain and Portugal

Revenues in Iberia reached €1,251.0 million compared to €1,220.4 million in first half 2015, recording a 2.5% growth. The Economic Sales of the segment were €247.3 million a 0.9% above €245.2 million recorded in the same period last fiscal year.

Revenues in Tobacco and related products increased by 3.1% as a consequence of the stability in the tobacco distributed volumes, of the tobacco retail selling price increase in the second quarter last year and the growth in revenues from the rest of the products.

In this fiscal year there were no retail selling price increases of tobacco products compared to the 5 cents per pack increase taken by tobacco manufacturers in the second quarter of fiscal year 2015.

The cigarette volumes distributed in Spain remained practically flat (declining by 0.1% with respect to the same period the previous year), showing a similar performance to the registered in that period compared to fiscal year 2014 (+0.1%).

However, RYO distributed volumes continued declining (-1.9% vs. -0.7%) as well as cigar volumes (-2.3% compared to -0.5%).

During the period, the tobacco distribution contract in Spain with Japan Tobacco International was renewed for 5 years.

The revenues from the distribution of convenience products recorded a significant growth mainly derived from the incorporation of new lines at the beginning of the second quarter. Since last January the Group's subsidiary for convenience distribution in Spain is managing the distribution of the consumer products' portfolio of the multinational Procter & Gamble to the main wholesalers in the national territory. This agreement follows the one signed at the end of the previous fiscal year with the same manufacturer for the distribution of healthcare products to the pharmacy channel.

The lack of retail selling price increase of tobacco products during the period, the stability of tobacco distributed volumes in Spain and Portugal, the increase of transport services invoiced to manufacturers and the evolution of sales of other products in the period translated into a slight fall in Economic Sales, that declined by 0.5% in respect to the same period the precedent year.

Revenues in Transport went down by 2.1% compared to previous year reaching €165.3 due to the decline in the full truck load activity after the divestment of one of its subsidiaries last year. However, Economic Sales went up by 0.9% to €114.5 million. The parcel and courier activities continued recording increases in Revenues and Economic Sales.

The strategy of differentiation through the quality of service followed by the Group continued translating into improvements in the activity indicators, especially in those related to sectors with a higher demand of added value services (technology products, activities sensitive to time-of-delivery, products requiring controlled temperature, etc.). Once again, it is noteworthy the increase of courier shipments in the second quarter, although at a slightly lower rate than in the first quarter, that in the first half of this fiscal year reach a rate close to double digit compared to the same period last fiscal year.

Revenues in Other Businesses (which includes Pharma, lottery and publications distribution activities) grew by 7.3% reaching €66.0 million while Economic Sales went up by 7.4% to €35.5 million mainly due to the growth recorded in Pharma.

The total Operating expenses of the segment increased by 4.6%. It must be highlighted that in the second quarter of the previous year, provisions related to litigations won with final sentences received by the Company for a total amount of €8.2 million were reversed causing a non-recurring reduction of the total operating costs in the first half of that fiscal year. Not considering that impact, the total operating expenses in the first half of the current fiscal year recorded a lower increase to that recoded by the activity.

Adjusted Operating Profit reached €43.0 million what represents a decline of 13.8% vs. the same period last year. Excluding the non-recurring impact of the reversal of provisions in the previous year, the Adjusted Operating Profit grew by 3.1%

Profit from Operations reached €39.8 million versus €45.7 million recorded in the previous year, reducing by 12.9%. During the first half, restructuring costs reached €2.8 million vs. €4.2 million in the same period last year.

2. France

Revenues from the France segment increased 0.8% to €2,123.3 million while Economic Sales reached €138.8 million recording a 1.8% growth.

Revenues from Tobacco and related products grew well above the slight reduction experienced by Other businesses Revenues that continue reflecting the impact of the progressive rationalisation in the portfolio of clients and, to some extent, of the consumption weakness during the beginning of the fiscal year.

Tobacco and related products Revenues increased by 1.1% to €2,026.2 million thanks to the growth experienced by distributed tobacco volumes that offset the lower revenues from electronic transactions.

During the first half of the fiscal year there were not retail selling price increases of tobacco products as there were not during the same period in the precedent year either. The tobacco distributed volumes grew compared to first half of 2015 both in the cigarette category (+1.6% versus -1.7%) and in the RYO category that increased by 3.9% while during the same period last year it declined by 1.7%.

Sales of electronic transactions continued the declining trend although well below the decline suffered by telephony top-ups sector thanks to the diversification of products.

After the irregular data recorded in the precedent quarter, consumption in the convenience channels seems to have recovered slightly in the second quarter of the current fiscal year (source: Banque de France). Sales of convenience and tobacco related products were stable.

Economic Sales increased by 1.4% to €116.2 million, growing in all categories, as a consequence of the growth of tobacco distributed volumes and the improvement recorded by the margins over revenues in the distribution of convenience products and electronic transactions.

Economic Sales in Other Businesses (wholesale distribution of convenience products in non-tobacconist channels) while reduced 0.6% to €25.1 million, reflecting the positive impact of the measures that are being carried out to rationalise the portfolio of clients, despite Revenues declining by 5.4% to €100.2 million.

The activity growth in the France segment was accompanied by a very good performance of operating costs that were practically stable thanks to the reorganisation measures carried out in previous quarters. Thus, Adjusted Operating profit moved forward a 6.1% to €34.7 million (versus €32.7 million in the same period last year).

Profit from Operations reached €8.6 million well above that obtained during the first half of 2015, due to the lack of restructuring costs in the first half of the current fiscal year compared to €5.3 million recorded in the first half of the precedent fiscal year. 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

Revenues in the Italy segment increased 3.8% and reached €1,214.3 million (€1,170.0 million in the first semester last year) thanks to the positive performance of tobacco distributed volumes, the retail selling price increase of these products in January 2015 and the growth recorded by the sales of other products during the period.

Cigarette distributed volumes increased by 1.6% compared to the 0.8% decline recorded last year. The RYO category grew by 4.6% vs. an increase of 2.4% in the precedent year.

During the first half of the current fiscal year there were no retail selling price increase of tobacco products while in the second quarter of last year tobacco manufacturers took a 20 cents per pack price increase. On the contrary, during the second quarter of the current fiscal year, the automatic update of weighted average price of these products led to an increase on the taxation incidence in those brands paying taxes above the minimum tax.

Sales of tobacco related and convenience products continued registering growth due to the commercial boost developed by the Group on these lines.

In that sense, during the first half the already announced second phase reorganisation of the distribution network has been started what will enable continuing with the improvement on commercial results, derived from the concentration of the activity in those centres applying the best practices as well as on efficiency in operations.

This commercial boost, in addition to the invoicing of other services to manufacturers and to the positive performance of tobacco distributed volumes, enabled maintaining a practically stable Economic Sales figure, offsetting the negative impact of the no retail selling price increases despite the growth of excise taxes in certain brands. Thus, Economic Sales in the Italy segment reached €109.3 million vs. €109.2 million in 2015 fiscal year what represents a 0.1% increase.

The total operating costs grew by 1.1% with respect to the first half of the previous year, well below the underlying growth of the recurring activity. During the first six months of the fiscal year several actions were implemented to reduce handling cost in central warehouses, packing costs or the number of service points of which, under the already mentioned network reorganisation, 17 out of the 175 existing at the beginning of the fiscal year have been closed.

Adjusted Operating Profit reached €27.5 million during 2014, what represents a 2.8% decline over the same period of fiscal year 2015. During the first half of this year €1.7 million restructuring costs were recorded reducing Operating profit to €25.8 million, an 8.4% lower to the €28.2 million recorded in the same period last year.

4. Corporate and Others

Adjusted Operating Profit in this segment, that includes corporate expenses and the Polish operations, reached -€6.2 million registering a reduction of 6.7% vs. the -€5.9 million obtained in the previous year.

It is worth to mention, in spite of its relative small size, the good performance shown by the activity in Poland.

FINANCIAL RESULT EVOLUTION

Financial results increased from €3.2 million to €4.7 million.

The interest rate used as a reference in the treasury agreement with our majority shareholder (European Central Bank base rate), over which a 75 b.p. spread is obtained under that agreement, remained stable at 0.05%, during the half of fiscal year 2015 while in the current fiscal year, from 1 October 2015 to 9 March 2016 was stable at 0.05 b.p. but reduced to 0.0% since 10 March.

The average cash position during the fiscal year was €1,419 million compared to €1,147 million in the previous fiscal year.

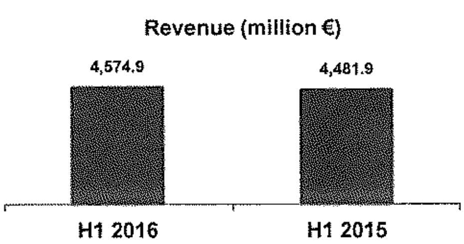
NET INCOME EVOLUTION

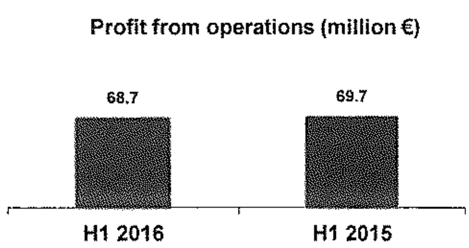
Earnings before Taxes increased by 0.7% to €73.4 million, while Net Income increased by 8.7%.

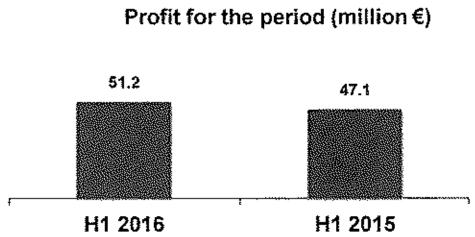
The effective consolidated tax rate of the period was 29.5% vs. close to 35.0% in precedent year mainly due to the reduction of the corporate tax rate in Spain approved by the Government in 2014 and the application of certain deductions.

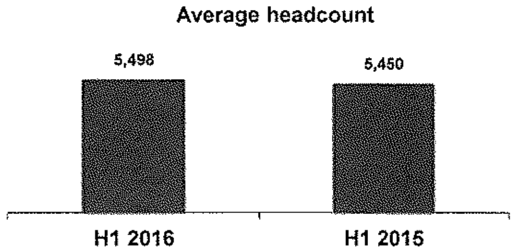
Earnings per Share were €0.39 vs. €0.35 in the first half of 2015, with no variations in the number of shares.

The graphs below show the evolution of main indicators for first half of fiscal year 2016 (October 2015 – March 2016) compared to indicators for first half of fiscal year 2015 (October 2014 – March 2015):









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 negative Cash Generation was significantly lower than in the first quarter of 2015 thanks to the lower investment in working capital as a consequence of the positive evolution in tobacco distributed volumes.

In the second quarter of the fiscal year the final dividend corresponding to 2015 was paid for a total amount of €66.4 million. In the second quarter of last year €74.3 million were paid charged to the issue premium.

DIVIDEND POLICY

The General Shareholders Meeting held on 16h March 2016 approved the distribution of a final dividend of €66.4million for fiscal year 2015 (€0.50 per share) that was paid on 23 March 2016.

With this payment the total dividend for fiscal 2015 reached €98.2 million (€0.74 per share), representing 90% of Net profit of that year.

OUTLOOK

The results obtained during the half of the fiscal year continue confirming the growth expectations for Adjusted EBIT (in the range of 4 – 5%) and Net Profit (close to double digit) at this fiscal year closing.

RISK EXPOSURE

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. Although in this management report we will focus on the risk management and control systems on a summarized manner, for a broader description of risk management and control systems of the Group see point E of the Annual corporate governance report for 2015. 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, and counterparty risks, highlighting:

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) establishes tighter rules for tobacco products, that could affect the sold volume, related among others, to labelling, ingredients, track and trace and cross-border trade. The transposition period in their respective member States ends on May, 20th 2016.

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, 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.

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

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

  The Group estimates that at 31 March 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 interim condensed consolidated financial statements is not significant. However, the remuneration that the Group obtains on its daily cash positions is linked as well to interest rates evolution and could benefit from a potential increase on them.

- Also, the level of exposure to the net equity and the interim 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.

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.

ENVIRONMENT

The Group seeks, develops and implements the best sustainable practices, minimizing the impact of its activity on the environment through the services provided by the different business units. This bet on environmental sustainability is reflected in the Corporate Policy for Quality, Environment and Energy efficiency articulated through the Environmental Corporate Strategic Plan 2012-2016.

The Group has calculated and externally verified the carbon footprint for all its businesses and services, including the verification not only of the most usual categories (Scope 1 and 2) but the calculation of the report has been voluntarily extended also to several categories of Scope 3.

The methodology applied is based on the GHG Protocol methodology and the UNE-EN-16258:2012 standard, which allows the calculation of greenhouse effect gas emissions in the freight transport services. This calculation and amount of greenhouse effect gas emission has been externally verified according to UNE-ES ISO 14064 standard.

In fiscal year 2016 is worth mentioning the extension of the verification scope including check of the achieved improvements and verification of primary data not analyzed in previous audits.

The Group has defined as well a corporate program of energy efficiency in the frame of its Strategic Plan 2012-2016 which principal objective is to identify and prioritize the activities that allow a reduction in energy consumption. For that, the Group has carried out energetic audits of its centers and main activities in France, Italy and Portugal, and in a planning stage for Spain. This project aims an analysis of those companies and sites in the Group offering a higher potential of energy consumption reduction and identification of best practices.

Moreover, it is to be noted the green energy contract through which 100% renewable guaranteed of origin electricity is being consumed in all centers directly managed in Spain, France, Italy and Portugal in 2016.

On the other hand, since 2012 Logista participates in the CDP's Supply Chain Program organized by Carbon Disclosure Project (CDP), achieving in its last yearly evaluation performed by this entity a 100 over 100 score and a performance B, a one lower level of the maximum performance. This achievement has enabled the Logista Group be recognized with the distinctive Climate Disclosure Leader 2015.

In respect to waste management, the implementation of an integrated system for the use, return and reuse (URRS) of the cardboard boxes in Spain, France and Italy with the goal of reducing cardboard waste through the use of returnable and reusable boxes, could be highlighted. The Group counts with quality and environmental management systems under internationally recognized norms in various of its businesses as UNE-EN ISO 14001, UNE-EN ISO 9001; and holds the CCQI certificate (quality indicators of cold chain), GMP (Good Manufacturing Practice) and GDP (Good Distribution Practice) and Authorized Economic Operator (AEO) among others.

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 interim condensed consolidated financial statements.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group invested in I+D+i €2.1 million in first half of 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

At 31 March 2016, the Group held in its Balance Sheet 242,614 own shares, representing 0.2% of share capital. Own shares were acquired in execution of the Share Buyback Program.

At 29 September 2015, Logista's Board of Directors extended until 1 October 2016 the Share Buyback Program of the Company to allocate them to the the 2014 General and Special Plans in Performance Shares, approved by the Board of Directors of January 29, 2015 (and registered at the CNMV at 30 January 2015).

USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No Group company uses derivative financial instruments.

Certificate on the issuance of the interim condensed consolidated financial statements

Certificate issued to attest that the undersigned members of the Board of Directors of Compañía de Distribución Integral Logista Holdings, S.A. are apprised of the contents of these interim condensed consolidated financial statements and interim consolidated Directors' Report, which were authorised for issue at the Board of Directors' meeting on 26 April 2016 in order to be verified by auditors.

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

The interim condensed consolidated financial statements and interim consolidated Directors' Report are set forth on 28 sheets, on the obverse only, all of which are signed by the Secretary of the Board of Directors, who in witness whereof, have signed below:

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

Leganes, 26 April 2016