

# **Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries**

Consolidated Financial Statements for the  
year ended 30 September 2012 prepared in  
accordance with International Financial  
Reporting Standards (IFRSs) as adopted by  
the European Union and Directors' Report,  
together with Independent Auditors' Report

*Translation of a report originally issued in Spanish based on our  
work performed in accordance with generally accepted auditing  
standards in Spain and of consolidated financial statements  
originally issued in Spanish and prepared in accordance with  
IFRSs as adopted by the European Union (see Notes 2 and  
41). In the event of a discrepancy, the Spanish-language  
version prevails.*

*Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Sole Shareholder of  
Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries:

We have audited the consolidated financial statements of Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries (the Group) comprising the consolidated balance sheet at 30 September 2012 and the related income statement, statement of cash flows, statement of changes in equity, statement of comprehensive income and notes to the consolidated financial statements for the year then ended. The Parent's Directors are responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the regulatory financial reporting framework applicable to the Company (identified in Note 2.4 to the accompanying consolidated financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for the year ended 30 September 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of Compañía de Distribución Integral Logista, S.A. and Subsidiaries at 30 September 2012 and the consolidated results of their operations, the changes in the consolidated equity, the changes in the consolidated statement of comprehensive income and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the regulatory financial reporting framework applicable to the Company.

The accompanying consolidated Directors' report for 2012 contains the explanations which the Parent's Directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated Directors' report is consistent with that contained in the consolidated financial statements for the year ended 30 September 2012. Our work as auditors was confined to checking the consolidated Directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Compañía de Distribución Integral Logista, S.A. and Subsidiaries.

DELOITTE S.L.  
Registered in R.O.A.C. under no. S0692

Luis de la Mora

January 22, 2013

**Compañía de  
Distribución Integral  
Logista, S.A.U. and  
Subsidiaries**

Consolidated Financial Statements for the year ended 30 September 2012 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Directors' Report

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

### CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2012 AND 2011 (Thousands of Euros)

ASSETS	Note	2012	2011	EQUITY AND LIABILITIES	Note	2012	2011
<b>NON-CURRENT ASSETS:</b>				<b>EQUITY:</b>			
Property, plant and equipment	6	210,611	219,302	Share capital	16	26,550	26,550
Investment property	6	3,674	4,287	Share premium	17	178,814	178,814
Goodwill	8	690,921	701,812	Reserves of the Parent	17	6,876	6,845
Other intangible assets	9	28,842	29,471	Reserves at consolidated companies	18 and 19	131,516	83,701
Investments in associates	10	541	163	Translation differences	166	166	190
Other non-current financial assets	11.1	11,448	11,098	Valuation adjustments	20	19,950	19,950
Deferred tax assets	27	47,751	49,409	Consolidated profit for the period		82,186	91,868
<b>Total non-current assets</b>		<b>993,788</b>	<b>1,015,542</b>	Equity attributable to shareholders of the Parent		<b>446,058</b>	<b>407,918</b>
				Minority interests	21	1,812	8,641
				<b>Total equity</b>		<b>447,870</b>	<b>416,559</b>
<b>CURRENT ASSETS:</b>				<b>NON-CURRENT LIABILITIES:</b>			
Inventories	12	678,048	766,993	Bank borrowings	22	-	9
Trade and other receivables	13	841,670	855,895	Non-current obligations under finance leases	23	-	25
Tax receivables	27	5,183	12,050	Other non-current liabilities	24	5,521	6,993
Other current financial assets	11.2	1,122,507	1,108,711	Long-term provisions	26	146,829	140,759
Cash and cash equivalents	14	46,266	35,384	Deferred tax liabilities	27	103,265	101,241
Other current assets	15	4,851	5,450	<b>Total non-current liabilities</b>		<b>255,615</b>	<b>249,027</b>
<b>Total current assets</b>		<b>2,598,525</b>	<b>2,784,483</b>	<b>CURRENT LIABILITIES:</b>			
				Bank borrowings	22	5,326	5,844
				Other current financial liabilities	28	32,492	46,219
				Current obligations under finance leases	23	1	13
				Trade and other payables	29	769,932	599,334
				Tax payables	27	2,141,365	2,394,563
				Short-term provisions	26	7,859	17,384
				Other current liabilities	30	33,729	73,619
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	7	<b>1,876</b>	<b>2,537</b>	<b>Total current liabilities</b>		<b>2,990,704</b>	<b>3,136,976</b>
<b>TOTAL ASSETS</b>		<b>3,694,189</b>	<b>3,802,562</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,694,189</b>	<b>3,802,562</b>

The accompanying Notes 1 to 41 are an integral part of the consolidated balance sheet at 30 September 2012.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

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

### CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 30 SEPTEMBER 2012 AND 2011 (Thousands of Euros)

	Note	2012	2011
Revenue	32 a)	5,543,318	5,701,033
Procurements		(4,802,309)	(4,943,506)
<b>Gross profit-</b>		<b>741,009</b>	<b>757,527</b>
Cost of logistics networks-			
Staff costs	32 b)	(122,358)	(128,638)
Transport costs		(173,921)	(187,088)
Provincial sales office expenses		(79,556)	(85,011)
Depreciation and amortisation charge		(28,798)	(29,657)
Other operating expenses	32 c)	(122,788)	(126,056)
Total cost of logistics networks		(527,421)	(556,450)
Commercial expenses-			
Staff costs	32 b)	(7,444)	(6,253)
Other operating expenses	32c)	(15,300)	(15,799)
Commercial expenses		(22,744)	(22,052)
Head office expenses-			
Staff costs	32 b)	(47,409)	(42,596)
Depreciation and amortisation charge		(4,764)	(3,986)
Other operating expenses	32c)	(19,412)	(21,468)
Total head office expenses		(71,585)	(68,050)
Share of results of companies	10	(432)	(850)
Net loss on disposal and impairment of non-current assets	7 and 8	(10,872)	(112)
Other expenses		(3,720)	1,848
<b>Profit from operations-</b>		<b>104,235</b>	<b>111,861</b>
Finance income	32 d)	25,075	27,325
Finance costs	32 e)	(11,821)	(10,885)
<b>Profit before tax-</b>		<b>117,489</b>	<b>128,301</b>
Income tax	27	(35,413)	(36,926)
<b>Profit for the period from continuing operations-</b>		<b>82,076</b>	<b>91,375</b>
Loss for the period from discontinued operations net of tax	37	(600)	(500)
<b>Profit for the period-</b>		<b>81,476</b>	<b>90,875</b>
Attributable to-			
Shareholder of the Parent		82,186	91,868
Minority interests	21	(710)	(993)
<b>Basic earnings per share</b>	5	<b>1.85</b>	<b>2.08</b>

The accompanying Notes 1 to 41 are an integral part of the consolidated income statements for 2012.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.*

## COMPañÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 30 SEPTEMBER 2012 AND 2011

(Thousands of Euros)

	2012	2011
Net gain (loss) on available for sale financial assets during the year	-	-
Net gain (loss) on cash flow hedging instruments available for sale financial assets during the year	-	-
Net actuarial gain (loss) recognised directly in equity (Note 26)	(1,600)	-
Foreign exchange rate changes	(24)	303
Net gain (loss) on taxes recognised directly in equity	-	-
<b>Total other comprehensive income</b>	<b>(1,624)</b>	<b>303</b>
Profit for the year	81,476	90,875
<b>Total comprehensive income for the year</b>	<b>79,852</b>	<b>91,178</b>
Attributable to-		
Shareholders of the Parent	80,562	92,171
Minority interests	(710)	(993)
<b>Total attributable</b>	<b>79,852</b>	<b>91,178</b>
<b>Total effect of changes in accounting policies</b>	<b>-</b>	<b>-</b>

The accompanying Notes 1 to 41 are an integral part of the consolidated statement of comprehensive income for 2012.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 41).  
In the event of a discrepancy, the Spanish-language version prevails.

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

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 30 SEPTEMBER 2012 AND 2011

(Thousands of Euros)

	Share Capital	Share Premium	Reserves of the Parent	Reserves at Consolidated Companies	Valuation Adjustments	Translation Differences	Profit for the Year	Total	Minority Interests	Total Equity
<b>Balance at 30 September 2010</b>	26,550	178,814	200,862	62,536	19,950	(113)	64,635	553,234	9,775	563,009
Net profit for 2011 attributable to the Parent	-	-	-	-	-	303	91,868	92,171	-	92,171
Loss attributable to minority interests	-	-	-	-	-	-	-	-	(993)	(993)
<b>Income and expenses recognised in the period</b>										
Transactions with Shareholders:										
Distribution of profit:						303	91,868	92,171	(993)	91,178
To reserves	-	-	240	21,030	-	-	(21,270)	-	-	-
Dividends (Note 17)	-	-	-	-	-	-	(43,365)	(43,365)	-	(43,365)
Distribution of dividend with a charge to reserves (Note 17)	-	-	(194,257)	-	-	-	-	(194,257)	-	(194,257)
Other changes	-	-	-	135	-	-	-	135	(141)	(6)
<b>Balance at 30 September 2011</b>	26,550	178,814	6,845	83,701	19,950	190	91,868	407,918	8,641	416,559
Net profit for 2012 attributable to the Parent	-	-	-	-	-	(24)	82,186	82,162	-	82,162
Loss attributable to minority interests	-	-	-	-	-	-	-	-	(710)	(710)
Actuarial losses (Note 26)	-	-	(1,600)	-	-	-	-	(1,600)	-	(1,600)
<b>Income and expenses recognised in the period</b>										
Transactions with Shareholders:						(24)	82,186	80,562	(710)	79,852
Distribution of profit:										
To reserves	-	-	1,631	41,562	-	-	(43,193)	-	-	-
Dividends (Note 17)	-	-	-	-	-	-	(48,675)	(48,675)	(247)	(48,922)
Acquisition of minority interests' participations	-	-	-	6,238	-	-	-	6,238	(5,872)	366
Other changes	-	-	-	15	-	-	-	15	-	15
<b>Balance at 30 September 2012</b>	26,550	178,814	6,876	131,516	19,950	166	82,186	446,058	1,812	447,870

The accompanying Notes 1 to 41 are an integral part of the consolidated statement of changes in equity for 2012.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

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

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 30 SEPTEMBER 2012 AND 2011 (Thousands of Euros)

	Note	2012	2011
<b>OPERATING ACTIVITIES:</b>			
Consolidated profit before tax from continuing operations		117,489	128,296
<b>Adjustments for-</b>			
Profit of companies accounted for using the equity method	10	432	850
Depreciation and amortisation charge	6 and 9	33,562	33,643
Period provisions	11, 12, 13 and 26	31,515	11,312
Proceeds from disposal of non-current assets		50	231
Other adjustments to profit		10,822	(3,000)
Financial profit		(13,254)	(16,440)
<b>Adjusted profit</b>		<b>180,616</b>	<b>154,892</b>
<b>Net change in assets / liabilities-</b>			
(Increase)/Decrease in inventories		84,448	141,144
(Increase)/Decrease in trade and other receivables		14,659	(183,388)
(Increase)/Decrease in other current assets		2,392	(2,421)
Increase/(Decrease) in trade payables		171,909	(25,263)
Increase/(Decrease) in other current liabilities		(318,046)	38,076
Increase (Decrease) in other non-current liabilities		(9,231)	10,445
Income tax paid		(26,825)	(14,940)
Finance income and costs		13,222	21,009
<b>Total net cash flows from operating activities</b>		<b>113,144</b>	<b>139,554</b>
<b>INVESTING ACTIVITIES:</b>			
Net investment in property, plant and equipment	6	(15,546)	(21,947)
Addition to intangible assets	9	(8,087)	(7,033)
Investments and other current and non-current financial assets		(14,294)	101,510
<b>Total net cash flows from investing activities</b>		<b>(37,927)</b>	<b>72,530</b>
<b>FINANCING ACTIVITIES:</b>			
Dividends paid (-)	17	(48,675)	(237,622)
Changes in current borrowings	28	(14,264)	32,209
Changes in non-current borrowings		(1,511)	(62)
Minority interests	21	115	(1,134)
Reserves and other		-	297
<b>Total net cash flows from financing activities</b>		<b>(64,335)</b>	<b>(206,312)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>10,882</b>	<b>5,772</b>
Cash and cash equivalents at beginning of year		35,384	29,612
Net change in cash and cash equivalents during the year		10,882	5,772
<b>Total cash and cash equivalents at end of year</b>		<b>46,266</b>	<b>35,384</b>

The accompanying Notes 1 to 41 are an integral part of the consolidated cash flow statement for 2012.



*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.*

## **Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries**

Notes to the Consolidated Financial Statements  
for the year ended  
30 September 2012  
Prepared in accordance with IFRSs  
as adopted by the EU

### **1. Composition of the Logista Group**

The Parent Company, Compañía de Distribución Integral Logista, S.A. (until 1999 Marco Ibérica, Distribución de Ediciones, S.A., "Midesa"), was incorporated in 1964.

In 1999 Tabacalera, S.A. (currently Altadis, S.A.U.) subscribed a capital increase at the Company through the contribution of the tobacco and other product import and distribution business line, including the employees, the physical assets assigned to it and the distribution and transport contracts.

The Parent Company's registered office is in Leganés (Madrid), Polvoranca Industrial Park, calle Trigo, no. 39, and its company object is as follows:

1. The marketing, purchase and sale, including import and export, storage, transport and distribution of tobacco products (including the raw material and finished product) and accessories relating to their consumption.
2. The distribution of all kinds of documents, forms or certificates issued by public- or private-sector entities.
3. The distribution of other forms, certificates, travel and parking documents, bingo cards, all kinds of cards and tickets for entertainment shows, services related to marketing and supply of all type of gaming products, legally authorized.
4. The distribution of other products to tobacco and stamp vendors and to the various channels that market tobacco product accessories and complementary articles.
5. Trading, manufacturing and business dealings, including import and export and other transactions referring to the articles, objects, products, equipment, parts, elements and materials mentioned in the preceding points.
6. The purchase, sale and distribution of all manner of products and goods relating to food, beverages and usable and consumable articles, their export and import, and their dealership, distribution and marketing.
7. The provision of all manner of technical, transport, commercial and consulting services in their various forms, including manufacturer-supplier mediation services and centralised collection and payment services.
8. The marketing, distribution, transport and sale of all manner of consumer products and goods which are usually supplied to kiosks, tobacconists, supermarkets and hypermarkets, and to other sales outlets easily accessible by the consumer.
9. The acquisition, management, distribution and ownership of shares or equity interests in other companies, whatever are their company object.
10. The supply and marketing of telephone services, prepaid landline services and mobile phone recharge cards, the distribution of phone time "off line" and prepaid minutes on line, distribution, installation and operation of terminals phone recharge, as well as their technical assistance, maintenance and repair thereof

11. The supply and marketing of services related to information technology and communications, in particular the sale, lease, installation, operation, control, development and / or operation, maintenance and repair of equipment, systems, programs and computer applications and technical infrastructure adequate to provide, by electronic means and / or information technology of the activities mentioned in the preceding paragraphs.

On 29 September 2005, the Parent Company's Board of Directors approved the segregation of the publications and books distribution lines of business and on 30 December 2005 it incorporated two companies named Compañía de Distribución Integral de Publicaciones Logista, S.L. and Logista Libros, S.L. and contributed the aforementioned lines of business to them.

On 13 August 2008 the Parent Company inscribed in the Mercantile Registry its condition as a sole shareholder company, being the sole shareholder Altadis, S.A.U. (see Note 16).

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

A detail of the investees included in the scope of consolidation comprising the Logista Group at 30 September 2012 and 2011 is provided in Appendices I and II, which includes, inter alia, the percentage and cost of the ownership interest held by the Parent Company and the line of business, company name and registered office of each investee.

## **2. Basis of presentation of the consolidated financial statements and basis of consolidation**

### ***2.1 Adoption of International Financial Reporting Standards (IFRSs)***

Since 1 January 2005, the Group has prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Despite the delisting of the head of the Group on 16 June 2008, the Company elected to continue preparing consolidated financial statements under International Financial Reporting Standards, which is permitted under current accounting legislation.

### ***2.2 Standards and interpretations effective in 2012***

In the year ended 30 September 2012 the following standards, amendments to standards and interpretations came into force, which, if applicable, were applied by the Group in the preparation of the consolidated financial statements:

- ***Amendments to IFRIC 14, Prepayments of a Minimum Funding Requirement***

An unintended consequence of IFRIC 14 was that in some circumstances, entities could not recognise the economic benefits relating to actuarial pension plan surpluses as an asset. The amendments to the interpretation address this issue and are applicable only in specific cases in which an entity is required to pay minimum funding requirement contributions and is entitled to use the aforementioned asset to meet the payment obligation. In these cases, the surplus may be treated as an asset.

- ***Amendments to IFRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets***

These amendments reinforce the disclosure requirements applicable to transfers of financial assets, including both those in which the assets are not derecognised and, principally, those in which the assets qualify for derecognition but the entity has a continuing involvement in them. In the case of the latter, for which there are a greater number of new disclosure requirements, it will be necessary, for example, to disclose information on the entity's maximum exposure to loss from its continuing involvement, the cash outflows that would be required to repurchase derecognised assets with a maturity analysis, the income and

expenses recognised both in the reporting period and cumulatively, from the entity's continuing involvement and, in general, more qualitative information on the transaction that gave rise to the derecognition of the financial asset (description, nature of the continuing involvement, risks to which the entity continues to be exposed, etc.).

### 2.3 Standards and interpretations issued but not yet in force

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

		Obligatory Application in Annual Reporting Periods Beginning On or After:
Standards and modifications thereof:		
Amendments to IAS 12, Income Taxes – Deferred Taxes Arising from Investment Property	On the measurement of deferred taxes arising from investment property using the fair value model in IAS 40.	1 January 2012
Amendments to IAS 1, Presentation of Items of Other Comprehensive Income	Requirement for items of OCI to be classified into items that will be reclassified (recycled) to profit or loss in subsequent periods and items that will not be reclassified.	1 July 2012
Amendments to IAS 19, Employee Benefits	The amendments affect mainly defined benefit plans since one of the major changes is the elimination of the “corridor”.	1 January 2013
IFRS 9, Financial Instruments: Classification and Measurement and subsequent amendments to IFRS 9 and IFRS 7, Effective Date and Transition Disclosures (a)	Replaces the IAS 39 classification, measurement and derecognition requirements for financial assets and liabilities.	1 January 2015
IFRS 10, Consolidated Financial Statements (a)	Supersedes the requirements relating to consolidated financial statements in IAS 27.	1 January 2014
IFRS 11, Joint Arrangements (a)	Supersedes IAS 31 on joint ventures.	1 January 2014
IFRS 12, Disclosure of Interests in Other Entities (a)	Single IFRS presenting the disclosure requirements for interests in subsidiaries, associates, joint arrangements and unconsolidated entities.	1 January 2014

		Obligatory Application in Annual Reporting Periods Beginning On or After:
IFRS 13, Fair Value Measurement (a)	Sets out a framework for measuring fair value.	1 January 2013
IAS 27 (Revised), Separate Financial Statements (a)	The IAS is revised, since as a result of the issue of IFRS 10 it applies only to the separate financial statements of an entity.	1 January 2014
IAS 28 (Revised), Investments in Associates and Joint Ventures (a)	Revision in conjunction with the issue of IFRS 11, Joint Arrangements.	1 January 2014
Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities (a)	Additional clarifications to the rules for offsetting financial assets and financial liabilities under IAS 32.	1 January 2014
Amendments to IFRS 7, Disclosures: Offsetting Financial Assets and Financial Liabilities (a)	Introduction of new disclosure requirements in IFRS 7.	1 January 2013
Improvements to IFRSs 2009-2011 cycle (a)	Minor amendments to a series of standards.	1 January 2013
Transition rules: Amendments to IFRS 10, IFRS 11 and IFRS 12 (a)	Clarification of the transition rules relating to these standards.	1 January 2013

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

The Directors of the Parent Company have not yet assessed the impact that the application of these standards might have on the accompanying consolidated financial statements.

#### **2.4 Issuance of the consolidated financial statements**

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

- a) The Spanish Commercial Code and all other Spanish corporate law.
- b) International Financial Reporting Standards (IFRS), as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and Law 62/2003, of 30 December, on Tax, Administrative, Labour and Social Security Measures, and the applicable standards and circulars of the Spanish National Securities Market Commission.
- c) All other applicable Spanish accounting legislation.

The accompanying consolidated financial statements, which were obtained from the accounting records of the Company and of its investees, are presented in accordance with the regulatory financial reporting framework applicable to the Group and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Group's equity, financial position, results of operations and cash flows for 2012. These consolidated financial statements were formally prepared by the Board of Directors at its meeting on 19 December 2012. The Directors of Compañía de Distribución Integral Logista, S.A.U. will submit these consolidated financial statements for approval by the Sole Shareholder, and it is considered that they will be approved without any changes.

The Group's consolidated financial statements for 2011 were approved by the Parent Company's Sole Shareholder on 27 March 2012 and filed at the Mercantile Registry of Madrid.

The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2012 are summarised in Note 4.

## **2.5 Information relating to 2011**

As required by IAS 1, the information relating to 2011 contained in these notes to the consolidated financial statements is presented with the information relating to 2012 for comparison purposes and, accordingly, it does not constitute the Group's consolidated financial statements for 2011.

## **2.6 Presentation currency**

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

## **2.7 Responsibility for the information and use of estimates**

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

In preparing the consolidated financial statements for 2012, estimates were made by the Group's Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

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

Although these estimates were made on the basis of the best information available at 2012 year end, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years.

## **2.8 Basis of consolidation**

### **2.8.1 Subsidiaries**

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

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

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

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

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

### **2.8.2 Joint ventures**

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

The assets and liabilities assigned to jointly controlled operations or those controlled jointly with other venturers are presented in the consolidated balance sheet classified according to their specific nature. Similarly, the Group's share of the income and expenses of joint ventures is recognised in the consolidated income statement on the basis of the nature of the related items.

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

### **2.8.3 Associates**

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

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

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

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

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

### **2.8.4 Translation of foreign currency**

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

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

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

In 2012 all of the Logista Group companies presented their financial statements in euros, except for Compañía de Distribución Integral Logista Polska, Sp. Z.o.o. and Logesta Polska Sp., Z.o.o. (both located in Poland) and Logesta Maroc, S.A. (located in Morocco).

### **2.8.5 Changes in the scope of consolidation and in the ownership interests**

The most significant changes in the scope of consolidation in 2012 and 2011 that affect the comparison between years were as follows:

#### **1. Main changes in the scope of consolidation in 2012**

##### *Additions or acquisitions*

On 26 January 2012, the shareholders at the General Meeting of Compañía de Distribución Integral de Publicaciones Logista, S.L. resolved to reduce share capital by EUR 5,155 thousand in order to offset losses. This reduction was assumed by the shareholders in proportion to their ownership interest in the Company's share capital.

Additionally, on 13 July 2012, the shareholders at the General Meeting of Compañía de Distribución Integral de Publicaciones Logista, S.L. approved an additional capital reduction of EUR 2,037 thousand to reduce share capital to zero and, for this purpose, all this company's shares were retired. At the same time, a capital increase of EUR 1,100 thousand with a share premium of EUR 4,994 thousand was approved in order to restore the company's equity equilibrium.

The aforementioned capital increase and share premium were subscribed and paid in full by Compañía de Distribución Integral Logista, S.A.U., since the other shareholder, Editorial Planeta de Agostini, S.A.U., waived its pre-emption rights. As a result of this transaction, the Company derecognised the cost of the aforementioned investment (which had been provisioned in full) at the date of the transaction and also wrote down the new contribution made.

On 12 December 2011, the subsidiary Logesta Gestión de Transporte, S.A.U. acquired the remaining 40% of Logesta Noroeste, S.A. for EUR 195. As a result, Logesta Gestión de Transporte, S.A. owns all the share capital of the former.

##### *Disposals*

On 13 December 2011, the subsidiary, Compañía de Distribución Integral de Publicaciones Logista, S.L.U., registered the liquidation of its subsidiary Distriburgos, S.L. at the Mercantile Registry, although this transaction did not give rise to any results at consolidated level.

On 12 July 2012 the subsidiary Compañía de Distribución Integral de Publicaciones Logista, S.L.U. formalized the liquidation of its subsidiary Asturesa, S.A. de Distribuciones, though this liquidation has not been registered at the Mercantile Registry. The result of this operation at consolidated level is not significant.

On 4 May 2012 the subsidiary Transportes Basegar, S.A. inscribed in the Mercantile Registry the liquidation of its subsidiary Basegar Logística, S.L. The result of this operation at consolidated level is not significant.

#### **2. Main changes in the scope of consolidation in 2011**

##### *Disposals*

On 1 June 2011, the Parent Company sold its 60% ownership interest in Logirest, S.L. for EUR 33. The gain on this sale at a consolidated level amounted to EUR 73 thousand, which was recognised under "Net Gains or Losses on Disposals of Non-Current Assets" in the consolidated income statement for 2011.

On 14 June 2011, Compañía de Distribución Integral de Publicaciones Logista, S.L. sold its 60% ownership interest in Valdebro Publicaciones, S.A. for EUR 680. The gain on this sale at a consolidated level amounted to

EUR 35 thousand, which was recognised under "Net Gains or Losses on Disposals of Non-Current Assets" in the consolidated income statement for 2011.

### **3. Distribution of the Parent Company's profit**

The distribution of profit for 2012, amounting to EUR 74,636 thousand, that the Parent Company's Directors will propose for approval by its sole shareholder consists of paying a dividend of EUR 1.68 per share out of profit for the year and allocating the remainder of the profit obtained during the year to increase the balance of voluntary reserves, as follows:

	Thousands of Euros
To voluntary reserves	296
Dividends	74,340
<b>Total</b>	<b>74,636</b>

### **4. Accounting principles and policies and measurement bases**

The principal measurement bases and accounting principles and policies applied in preparing the consolidated financial statements for 2012 in accordance with the IFRSs in force at the date of the related consolidated financial statements are described below. None of the standards were applied early.

#### ***4.1 Property, plant and equipment***

Property, plant and equipment are stated at acquisition cost less any accumulated depreciation. In the case of assets acquired by the Group as a result of asset contributions, acquisition cost is considered to be the market value of these assets determined by professional valuers at the date on which the assets were contributed.

As a result of the transition to International Accounting Standards (IAS), the Group revalued a plot of land assigned to its business activities by EUR 28,500 thousand, on the basis of an appraisal from an independent value and the market value of the aforementioned plot was considered to be the deemed cost on transition to IASs. The detail of the aforementioned revaluation is as follows:

Thousands of Euros				
Carrying Amount	Fair Value	Surplus	Tax Effect (Note 27)	Effect on Reserves (Note 20)
9,000	37,500	28,500	(8,550)	19,950

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

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



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

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

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

#### **4.2 Investment property**

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

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

#### **4.3 Goodwill**

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

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

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

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

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

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

The recoverable amounts were calculated for each cash-generating unit using profit and loss, investment and working capital projections for the next three years. The discount rate used ranged from 11.5% to 12.7% in 2012 (2011: from 7.54% to 8.83%). Also, the growth rate of activity used to calculate the residual value of each cash-generating unit after the projected period was 0%.

#### **4.4 Intangible assets**

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

Intangible assets include:

##### *Trademarks*

"Trademarks" includes the acquisition cost of the rights over certain trademarks and/or the value assigned thereto on consolidation (see Note 9).

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

##### *Concessions, rights and licences*

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

##### *Computer software*

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

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

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

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

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

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

#### **4.6 Leases**

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

##### **4.6.1 Finance leases**

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

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

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

#### **4.6.2 Operating leases**

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

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

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

#### **4.7 Non-current assets held for sale**

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

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

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

#### **4.8 Financial instruments**

##### **4.8.1 Financial assets**

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

##### *Trade and other receivables*

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

##### *Other current and non-current financial assets*

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

1. Current and non-current loans granted
2. Guarantees
3. Deposits and other financial assets

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

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

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

#### *Cash and cash equivalents*

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

### **4.8.2 Financial liabilities**

#### *Bank borrowings*

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

#### *Trade payables*

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

### **4.9 Inventories**

In general, the Group companies measure inventories at the lower of the price per the most recent invoice, which does not differ significantly from applying the average acquisition cost, and net realisable value.

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

### **4.10 Current/Non-current classification**

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

### **4.11 Termination benefits**

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

The accompanying consolidated balance sheet at 30 September 2012 includes the provisions that the Parent Company's Directors consider necessary to cover the restructuring plans in progress at year-end (see Note 26).

### **4.12 Pension and other obligations to employees**

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

In general, the obligations relating to the current and former employees of these groups are defined contribution obligations and are externalised. The annual contributions made by the Group to meet these obligations are recognised under "Staff Costs" in the consolidated income statements and amounted to EUR 2,881 thousand and EUR 2,794 thousand in 2012 and 2011 (see Note 32.b).

Under the collective agreements currently in force, the Parent Company is obliged to make a lump sum payment of a specific amount on the date of retirement and another payment on completion of 24 years of service at the company, subject to compliance with certain conditions. Also, the Parent Company is obliged to make fixed monthly payments to a certain group of current employees and employees who retired prior to 1 January 2009 as compensation for the "free tobacco" benefit. To cover these obligations, provisions were recognised, the amount of which is calculated each year based on the corresponding actuarial studies performed by independent experts using the projected unit credit method and PERM/F 2000P mortality tables, an inflation rate of 1.5% and an annual discount rate of 3.6% as the main assumptions (see Note 26).

On 25 June 2008, the Group's Board of Directors approved the "2008 Medium-Term Incentives Plan" under which certain employees are entitled to receive, at the end of the third year from the inception of each block into which the plan is divided, an amount calculated on the basis of the amount deposited by each employee in an external financial entity at the inception of each block and the growth in each three-year period of certain assets related to operations.

In 2012 the first phase of this incentive plan was completed after the Parent Company made a payment of EUR 1,679 thousand to its employees.

On 31 January 2012, the Group's Board of Directors approved the "2011 Medium-Term Incentives Plan", with similar conditions than the one previously approved.

The Group distributes the total amount of the estimated incentive for each block on a straight-line basis over three years and charges it to income. "Staff Costs" in the accompanying consolidated income statement for 2012 includes EUR 1,966 thousand in this connection (2011: EUR 1,444 thousand).

#### **4.13 Provisions**

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

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

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

#### **4.14 Currencies other than the euro**

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

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

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

#### **4.15 Revenue and expense recognition**

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

As a result of the regulations of the main countries in which the Group operates, the Group makes payments to the relevant tax authorities in respect of excise duties on the tobacco products it sells, which are also charged to customers. The Group does not recognise as income or expenses the amounts relating to the aforementioned excise duties, which amounted to approximately EUR 18.747.575 thousand in 2012 and EUR 18.785.032 thousand in 2011.

In the particular case of books and published materials, the customers are entitled to return the products they fail to sell and in turn, the Group may exercise this right with respect to its suppliers. At each reporting date, a provision is recognised based on the historical experience of the sales returns for the purpose of adjusting the margins obtained during the course of business (see Note 26).

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

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

#### **4.16 Income tax**

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

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

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

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

The Group recognises the deferred tax arising from the deductibility of the amortisation, for tax purposes, of certain items of goodwill generated on the acquisition of companies (see Note 27).

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

"Income Tax" represents the sum of the current tax expense and the result of recognising deferred tax assets and liabilities (see Note 27).

The Parent Company files consolidated income tax returns and consolidated VAT returns as part of the consolidated tax group the Parent Company of which is its sole shareholder, Altadis, S.A.U.

#### **4.17 Consolidated statements of cash flows**

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

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
2. Operating activities: the principal revenue-producing activities of the consolidated Group companies and other activities that are not investing or financing activities.
3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in equity and borrowings.

#### **4.18 Discontinued operations**

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

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

Also, when operations are classified as discontinued, the Group presents under "Profit for the Year from Discontinued Operations Net of Tax" the amount for the preceding year relating to the operations classified as discontinued at the reporting date, also adapting the rest of headings in the consolidated income statement for the previous year (see Note 37).

#### **4.19 Joint Ventures**

The Group accounts for investments in unincorporated temporary joint ventures (UTEs) by recognising in its consolidated balance sheet the share corresponding to it, in proportion to its ownership interest, of the jointly controlled assets and of the jointly incurred liabilities.

Also, it recognises in the consolidated income statement its share of the income earned and expenses incurred by the joint venture. In addition, the proportional part corresponding to the Group of the related items of the joint venture is included in the statement of changes in equity and the statement of cash flows.

### **5. Earnings per share**

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

Earnings per share are calculated as follows:

	Thousands of Euros	
	2012	2011
Net profit for the year (thousands of euros)	82,186	91,868
Weighted average number of shares issued (thousands of shares)	44,250	44,250
<b>Earnings per share (euros)</b>	<b>1.85</b>	<b>2.08</b>

At 30 September 2012 and 2011, there were no dilutive effects on basic earnings per share.

#### **6. Property, plant and equipment**

The changes in "Property, Plant and Equipment" in the consolidated balance sheets in 2012 and 2011 were as follows:

#### **2012**

	Thousands of Euros				
	Balance at 30/09/11	Additions or Charge for the Year	Disposals or Reductions	Transfers (Note 9)	Balance at 30/09/12
<b>Cost:</b>					
Land and buildings	166,606	-	-	974	167,580
Plant and machinery	112,585	1,171	(125)	1,137	114,768
Other fixtures, tools and furniture	108,408	1,729	(1,416)	3,485	112,206
Other items of property, plant and equipment	40,586	341	(468)	2,100	42,559
Property, plant and equipment in the course of construction	16,226	12,523	(11)	(7,689)	21,049
	<b>444,411</b>	<b>15,764</b>	<b>(2,020)</b>	<b>7</b>	<b>458,162</b>
<b>Accumulated depreciation:</b>					
Buildings	(57,803)	(3,285)	-	(10)	(61,098)
Plant and machinery	(71,490)	(8,996)	123	1,223	(79,140)
Other fixtures, tools and furniture	(71,361)	(9,020)	1,336	(1,577)	(80,622)
Other items of property, plant and equipment	(21,367)	(2,932)	343	353	(23,603)
	<b>(222,021)</b>	<b>(24,233)</b>	<b>1,802</b>	<b>(11)</b>	<b>(244,463)</b>
Impairment losses	(3,088)	-	-	-	(3,088)
<b>Total</b>	<b>219,302</b>	<b>(8,469)</b>	<b>(218)</b>	<b>(4)</b>	<b>210,611</b>



## 2011

	Thousands of Euros					
	Balance at 30/09/10	Additions or Charge for the Year	Disposals or Reductions	Exclusions for the Scope of Consolidation	Transfers (Note 9)	Balance at 30/09/11
<b>Cost:</b>						
Land and buildings	165,700	10	(50)	(207)	1,153	166,606
Plant and machinery	113,580	1,386	(950)	(291)	(1,140)	112,585
Other fixtures, tools and furniture	89,971	2,399	(674)	(995)	17,707	108,408
Other items of property, plant and equipment	47,769	3,169	(123)	(28)	(10,201)	40,586
Property, plant and equipment in the course of construction	15,076	14,983	(1)	-	(13,832)	16,226
	432,096	21,947	(1,798)	(1,521)	(6,313)	444,411
<b>Accumulated depreciation:</b>						
Buildings	(54,639)	(3,484)	45	-	275	(57,803)
Plant and machinery	(65,444)	(8,707)	669	291	1,701	(71,490)
Other fixtures, tools and furniture	(60,271)	(8,627)	238	585	(3,286)	(71,361)
Other items of property, plant and equipment	(20,710)	(2,649)	144	27	1,821	(21,367)
	(201,064)	(23,467)	1,096	903	511	(222,021)
Impairment losses	(3,088)	-	-	-	-	(3,088)
<b>Total</b>	<b>227,944</b>	<b>(1,520)</b>	<b>(702)</b>	<b>(618)</b>	<b>(5,802)</b>	<b>219,302</b>

### Additions

The additions to "Property, Plant and Equipment in the Course of Construction" relate mainly to investments in technological infrastructure renovation projects to increase the functionality of the operational platforms, and investments in expansion and improvement of the Group companies' warehouses, as part of the ordinary business.

### Disposals

The disposals in 2012 relate mainly to the retirement of items which have been substantially depreciated in full or are not used for the Group's business and to the sale of various items of property, plant and equipment of scant significance.

### Transfers

The transfers in 2012 relate mainly to reclassifications of items between different accounts within this caption, and from "Other Intangible Assets" to "Computer Software" in order to correctly classify them according to their nature.

### Assets held under finance leases

At 30 September 2012, the Group held items of property, plant and equipment acquired through finance leases with a cost of EUR 409 thousand and accumulated depreciation of EUR 153 thousand (cost of EUR 409 thousand and EUR 137 thousand of accumulated depreciation at 30 September 2011).

### Investment property

The Group's investment property includes land and buildings located in Santa Perpetua de la Mogoda (EUR 1,820 thousand), Malaga (EUR 437 thousand), Barcelona (EUR 92 thousand), Madrid (EUR 309 thousand), Seville (EUR 835 thousand), La Coruña (EUR 35 thousand) and Oviedo (EUR 146 thousand), not used in commercial operations and from which gains are expected to be obtained from the sale thereof, although there are no plans to sell them in the short term, or which are currently subject to rental agreements. The aforementioned amounts have been reduced by the accumulated depreciation related to each item.

The 2012 investment property depreciation charge amounted to EUR 75 thousand (2011: EUR 281 thousand).

Additionally, in 2012 the Group has reclassified part of the accumulated amortization of the building located in Seville which was recorded in the caption "Property, plant and equipment", for a total amount of EUR 534 thousand.

### Other disclosures

Fully depreciated items of property, plant and equipment in use at 30 September 2012 amounted to EUR 139,926 thousand (EUR 110,865 thousand at 30 September 2011).

At the end of 2012 the Group had yet to formalise the acquisition of a land lot in Alcalá de Guadaira (Seville), for which it paid an advance of EUR 4,671 thousand in 2005, which is recognised under "Property, Plant and Equipment in the Course of Construction". This formalisation is dependent upon the municipal authority executing the corresponding land development projects. The Parent Company's Directors have commenced actions aimed at ensuring that the municipal authority meets the obligations assumed.

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

At 30 September 2012 and 2011, the items of property, plant and equipment located abroad, mainly in Portugal, France and Italy, amounted to EUR 37,235 thousand and EUR 38,352 thousand, net of the related accumulated depreciation, respectively.

## **7. Non-current assets held for sale**

The changes in "Non-Current Assets Held for Sale" in the consolidated balance sheets in 2012 and 2011 were as follows:

	Thousands of Euros
Balance at 30/09/10	5,093
Additions	45
Losses from discontinued operations (Note 37)	(500)
Reclassifications (Note 6)	(2,101)
Balance at 30/09/11	2,537
Impairment	(61)
Losses from discontinued operations (Note 37)	(600)
<b>Balance at 30/09/12</b>	<b>1,876</b>

At 30 September 2012, "Non-Current Assets Held for Sale" includes various buildings owned by the Group that are currently in the sale process. These sales are expected to materialise at short term. The Parent Company's Directors consider that the fair value of these assets is above their booked value as of 30 September 2012.

The 49% ownership interest in Publidispatch, S.A.S. amounting to EUR 392 thousand is also included. There is an agreement whereby the Group is obliged to sell its ownership interest at the same time as the majority shareholder of this company.

The breakdown of the balance of "Non-Current Assets Held for Sale" at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
<b>Buildings:</b>		
Auby (France)	2,117	2,117
Villanueva de la Cañada (Madrid)	331	375
Lecce (Italy)	369	369
Trapani (Italy)	190	190
Pozul (Valencia)	127	143
Ownership interest in Publidispatch, S.A.S	392	392
Other	(1,649)	(1,049)
<b>Balance at 30/09</b>	<b>1,876</b>	<b>2,537</b>

## **8. Goodwill**

The changes in "Goodwill" in the accompanying consolidated balance sheets in 2012 and 2011 were as follows:

	Thousands of Euros	
	2012	2011
Beginning balance	701,812	701,838
Disposals	(69)	(26)
Impairment	(10,822)	-
<b>Ending balance</b>	<b>690,921</b>	<b>701,812</b>

The detail of the balance of "Goodwill" at 30 September 2012 and 2011 and of the changes therein were as follows):

	Thousands of Euros			
	Balance at 30/09/11	Disposals	Impairment	Balance at 30/09/12
Logista Italia, S.p.A.	660,620	-	-	660,620
Dronas 2002, S.L.	36,545	-	(10,822)	25,723
Terzia, S.p.A.	2,302	-	-	2,302
T2 Gran Canaria, S.A.	908	-	-	908
T2 Opellog, S.A.	486	-	-	486
Logista-Dis, S.A.	321	-	-	321
Librodis Promotora y Comercializadora del Libro, S.A.	178	-	-	178
Transportes Basegar, S.L.	85	-	-	85
Basegar Logística, S.A.	41	(41)	-	-
Other	326	(28)	-	298
<b>Total</b>	<b>701,812</b>	<b>(69)</b>	<b>(10,822)</b>	<b>690,921</b>

In 2012 the Group has recorded impairment on the Goodwill generated by its subsidiary Dronas 2002, S.L. for a total amount of EUR 10,822 thousand, based on the impairment test performed by the Group. This impairment has been classified in the caption "Net loss on disposal and impairment of non-current assets".

Based on the available estimates and projections, the Parent Company's Directors consider that the projections of income attributable to the Group originating from the various companies support the recoverability of the carrying amount of the goodwill recognised. In addition, at the date of preparation of these consolidated financial statements, the Directors consider that no fundamental events exist which would require the estimates made at 2012 year-end to be changed for impairment testing purposes.

## 9. Other intangible assets

The changes in "Other Intangible Assets" in 2012 and 2011 were as follows:

2012

	Thousands of Euros				
	Balance at 30/09/11	Additions or Charge for the Year	Disposals or Reductions	Transfers (Note 6)	Balance at 30/09/12
Cost:					
With indefinite useful life- Trademarks	160	-	-	(52)	108
With finite useful life- Computer software	112,008	1,548	(715)	5,043	117,884
Concessions, rights and licences	679	-	-	249	928
Advances and intangible assets in progress	4,148	6,598	-	(4,702)	6,044
	116,995	8,146	(715)	538	124,964
Accumulated amortisation:					
Computer software	(86,175)	(8,782)	156	-	(94,801)
Concessions, rights and licences	(205)	(472)	-	-	(677)
	(86,380)	(9,254)	156	-	(95,478)
Impairment losses	(1,144)	-	500	-	(644)
<b>Total</b>	<b>29,471</b>	<b>(1,108)</b>	<b>(59)</b>	<b>538</b>	<b>28,842</b>

2011

	Thousands of Euros				
	Balance at 30/09/10	Additions or Charge for the Year	Disposals or Reductions	Transfers (Note 6)	Balance at 30/09/11
Cost:					
With indefinite useful life- Trademarks	125	-	-	35	160
With finite useful life- Computer software	101,157	1,560	(258)	9,549	112,008
Concessions, rights and licences	637	-	-	42	679
Advances and intangible assets in progress	1,992	5,473	(4)	(3,313)	4,148
	103,911	7,033	(262)	6,313	116,995
Accumulated amortisation:					
Computer software	(75,996)	(9,842)	207	(544)	(86,175)
Concessions, rights and licences	(185)	(53)	-	33	(205)
	(76,181)	(9,895)	207	(511)	(86,380)
Impairment losses	(644)	(500)	-	-	(1,144)
<b>Total</b>	<b>27,086</b>	<b>(3,362)</b>	<b>(55)</b>	<b>5,802</b>	<b>29,471</b>

The additions to "Advances and intangible assets in progress" in 2012 relate mainly to functional development projects for the Group's existing applications.

The transfers to "Computer Software" in 2012 relate to the reclassification of various items from the account "Advances and intangible assets in progress" attending to their nature.

At 30 September 2012 and 2011, fully amortised intangible assets in use amounted to approximately EUR 75,816 and EUR 66,385 thousand, respectively.

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

The detail of the changes in 2012 and 2011 in "Investments in Associates Accounted for Using the Equity Method" were as follows:

**2012**

	Thousands of Euros			
	Balance at 30/09/11	Share of Profit for the Year	Trespases to non-current provision (Note 26)	Balance at 30/09/12
International News Portugal, Lda	413	98	-	511
DIMA Distribución Integral, S.L.	(298)	(512)	810	-
Other	48	(18)	-	30
<b>Total</b>	<b>163</b>	<b>(432)</b>	<b>810</b>	<b>541</b>

**2011**

	Thousands of Euros			
	Balance at 30/09/10	Share of Profit for the Year	Capital increases	Balance at 30/09/11
International News Portugal, Lda	350	63	-	413
DIMA Distribución Integral, S.L.	158	(913)	457	(298)
Other	48	-	-	48
<b>Total</b>	<b>556</b>	<b>(850)</b>	<b>457</b>	<b>163</b>

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

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

2012

	Thousands of Euros					
	30 September 2012				2012	
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Income	Expenses
Logista Libros, S.L.	40,523	10,664	48,077	-	25,587	(24,685)
Avanzalibros, S.L.	1,572	8	1,597	-	257	(598)
UTE Logista – GTECH	4,053	23,888	105,955	692	18,050	(43,301)
Librodis, Promotora y Comercializadora del libro, S.A.	57	1	364	2	674	(915)

2011

	Thousands of Euros					
	30 September 2011				2011	
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Income	Expenses
Logista Libros, S.L.	40,649	10,515	50,157	-	29,521	(29,337)
Avanzalibros, S.L.	1,079	3	759	-	720	(398)
Logilivro, Logística do Livro, Lda.	-	-	-	-	3,118	(2,263)
UTE Logista – GTECH	3,541	23,945	80,942	-	10,628	(40,162)
Librodis, Promotora y Comercializadora del libro, S.A.	122	4	189	-	1,193	(1,127)

On 26 October 2010, Compañía de Distribución Integral Logista, S.A.U. and Indra Sistemas, S.A. formed, with ownership interests of 97% and 3% respectively, the unincorporated temporary joint venture called "Compañía de Distribución Integral Logista, S.A.U. and Indra Sistemas, S.A., Unión Temporal de Empresas, Ley 18/1982 de 26 de mayo, número 1", which is engaged in the provision of services for the Andalusian transport authority network. The assets and liabilities of this UTE, together with its results at the end of the reporting period were not significant at 30 September 2012.



## 11. Financial assets

### 11.1 Other non-current financial assets

The changes in "Other Non-Current Financial Assets" in 2012 and 2011 were as follows:

#### 2012

	Thousands of Euros			
	Balance at 30/09/11	Additions	Disposals or Reductions	Balance at 30/09/12
Cost:				
Long-term loans	5,478	-	(77)	5,401
Long-term deposits and guarantees	2,687	871	(296)	3,262
Financial assets held for sale	4,573	-	-	4,573
	12,738	871	(373)	13,236
Impairment losses	(1,640)	(148)	-	(1,788)
<b>Total</b>	<b>11,098</b>	<b>723</b>	<b>(373)</b>	<b>11,448</b>

#### 2011

	Thousands of Euros			
	Balance at 30/09/10	Additions	Disposals or Reductions	Balance at 30/09/11
Cost:				
Long-term loans	5,497	141	(160)	5,478
Long-term deposits and guarantees	3,134	89	(536)	2,687
Financial assets held for sale	4,223	350	-	4,573
	12,854	580	(696)	12,738
Impairment losses	(1,573)	(67)	-	(1,640)
<b>Total</b>	<b>11,281</b>	<b>513</b>	<b>(696)</b>	<b>11,098</b>

"Long-Term Loans" includes the collection rights of Dronas 2002, S.L. amounting to EUR 501 thousand in 2012 (2011: EUR 578 thousand), arising on the sale of its Valencia branch office and a EUR 4,900 thousand loan granted to Publidispatch, S.A.S. The aforementioned loan matures on 1 October 2016 and is renewable for a further four years under the same terms and conditions and earns interest tied to Euribor payable annually.

At 30 September 2011 and 2010, Logista Italia, S.p.A. held a 13.33% ownership interest in the share capital of Banca ITB, S.p.A., amounting to EUR 4,198 thousand, recognised under "Other Non-Current Financial Assets – Financial assets held for sale".

### 11.2 Other current financial assets

The detail of "Other Current Financial Assets" in the accompanying consolidated balance sheets at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Loans to related companies (Note 35)	1,096,084	1,076,630
Other loans	25,911	31,512
Short-term deposits and guarantees	512	569
<b>Total</b>	<b>1,122,507</b>	<b>1,108,711</b>

At 30 September 2012, the shareholders of "Compañía de Distribución Integral Logista, S.A.U. and GTECH Global Lottery, S.L.U., unincorporated temporary joint venture", granted a loan of EUR 89,576 thousand to the former through a monetary contribution given in equal portions. The Parent Company included EUR 22,394 thousand in this connection under "Other Current Financial Assets" and "Other Current Financial Liabilities" in the accompanying consolidated balance sheet at 30 September 2012 (see Note 28), related to the accounts receivable and payable with the aforementioned UTE that correspond to the other shareholder.

## 12. Inventories

The detail of the Group's inventories at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Tobacco	639,928	729,504
Published materials	24,034	22,388
Other merchandise	22,469	18,987
Write-downs	(8,383)	(3,886)
<b>Total</b>	<b>678,048</b>	<b>766,993</b>

The balance of tobacco inventories includes the excise duty, which becomes chargeable when the tobacco items are transferred from the bonded warehouse to the warehouse for consumption. At 30 September 2012 the balance of this excise duty amounted to EUR 147,203 thousand (2011: EUR 260,664 thousand).

The write-down balance in years 2012 and 2011 relates mainly to the value of tobacco inventories that were defective or were not marketable at year-end. The changes in the write-downs relating to "Inventories" in the accompanying consolidated balance sheet were as follows:

	Thousands of Euros
Inventory write-down at 30 September 2010	2,639
Charge for the year	3,076
Amount reversed	(1,829)
Inventory write-down at 30 September 2011	3,886
Charge for the year	4,497
<b>Inventory write-down at 30 September 2012</b>	<b>8,383</b>

The write-downs recognised under "Procurements" in the accompanying consolidated income statement for 2012 and 2011 were the result of tobacco inventories that were defective or not marketable at year-end.

### 13. Trade and other receivables

The detail of "Trade and Other Receivables" in the accompanying consolidated balance sheets at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Trade receivables for sales and services	833,642	836,143
Related companies (Note 35)	11,866	11,716
Sundry accounts receivable	34,557	39,331
Employee receivables	288	356
Less- Allowances for doubtful debts	(38,683)	(31,651)
	<b>841,670</b>	<b>855,895</b>

The changes in the "Allowances for Doubtful Debts" in 2012 and 2011 were as follows:

	Thousands of Euros
Allowance for doubtful debts at 30 September 2010	31,955
Applications	(4,227)
Additions	3,923
Allowance for doubtful debts at 30 September 2011	31,651
Applications	(101)
Additions	7,133
<b>Allowance for doubtful debts at 30 September 2012</b>	<b>38,683</b>

The additions to doubtful debts are recognised under "Cost of logistics networks – Other Operating Expenses" in the accompanying consolidated income statement for 2012.

At 30 September 2012, the total amounts of balances provided are older than 90 days.

#### Trade receivables for sales and services

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

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

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

The detail of the past-due receivables for which no allowance had been recognised at 30 September 2012 and 2011 is as follows:

Tranche	Thousands of Euros	
	2012	2011
0-30 days	21,254	17,876
30-90 days	9,418	9,903
90-180 days	3,622	4,951
180-360 days	2,987	596
More than 360 days	4,793	3,835

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

#### **14. Cash and cash equivalents**

"Cash and Cash Equivalents" in the consolidated balance sheets at 30 September 2012 and 2011 includes mainly the Group's cash deposited in current accounts at banks.

The average interest rate obtained by the Group on its cash and cash equivalent balances was 1.62% in 2012 (1.85% in 2011).

#### **15. Other current assets**

"Other Current Assets" in the accompanying consolidated balance sheets at 30 September 2012 and 2011 relates mainly to expenses paid which accrued after year-end.

#### **16. Share capital and treasury shares**

At the end of 2012 and 2011, the Parent Company's share capital amounted to EUR 26,550 thousand and was represented by 44,250,000 fully subscribed and paid shares of EUR 0.6 par value each, all of the same class.

At 30 September 2012 and 2011, the Parent Company's sole shareholder was Altadis, S.A.U.

#### **Capital Management-**

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

At September 30, 2012 and 2011 the leverage ratio is as follows:

	Thousand euros	
	2012	2011
Bank borrowings	5,326	5,853
Other current financial liabilities	32,493	46,232
<b>Gross debt</b>	<b>37,819</b>	<b>52,085</b>
Noncurrent financial assets held to maturity	(8,186)	(8,411)
Current financial assets held to maturity	(1,121,938)	(1,108,199)
Cash and cash equivalent	(46,266)	(35,384)
<b>Cash assets</b>	<b>(1,176,390)</b>	<b>(1,151,994)</b>
<b>Total net debt</b>	<b>(1,138,571)</b>	<b>(1,099,909)</b>
Total equity	447,870	416,559
<b>Financial leverage</b>	<b>(2.54)</b>	<b>(2.64)</b>

## **17. Reserves of the Parent Company**

### **Share premium**

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

### **Legal reserve**

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

At 30 September 2012, the Parent Company's legal reserve has reached the stipulated level, for a total amount of EUR 5,902 thousand.

### **Dividends**

On 27 March 2012, the Parent Company's sole shareholder approved the distribution of a dividend of EUR 1.1 per share out of profit for 2011. The total dividend distributed was EUR 48,675 thousand.

#### **18. Reserves at fully or proportionately consolidated companies**

The detail, by company, of the balance of this heading in the consolidated balance sheets at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Logista Italia, S.p.A.	103,234	85,504
Dronas 2002, S.L.	21,783	18,089
Logista Publicaciones Portugal, S.A.	(2,099)	764
Publicaciones y Libros, S.A.	3,018	3,073
Distribérica, S.A.	2,812	2,237
Logista-Dis, S.A.	3,282	2,100
Midsid Sociedade Portuguesa de Distribuição, SGPS, S.A.	372	(145)
Logista Libros, S.L.	(380)	(313)
Compañía de Distribución Integral de Publicaciones Logista, S.L.	(2,362)	12
Logista Transportes e Transitarios, Lda.	(2,734)	(1,673)
S.A. Distribuidora de Ediciones	(9,184)	(8,565)
Compañía de Distribución Integral Logista Polska, Sp Z.o.o.	(7,440)	(5,556)
Other reserves and consolidation adjustments	21,812	(11,849)
<b>Total</b>	<b>132,114</b>	<b>83,678</b>

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

Under the heading of "other reserves and consolidation adjustments" are included primarily the effect of the first application of IFRS, as well as the reserves recognised by the other Group companies, and other consolidation adjustments.

#### **19. Reserves at companies accounted for using the equity method**

The detail, by company, of the balance of this heading in the consolidated balance sheets at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
International News Portugal, LDA.	318	255
DIMA Distribución Integral, S.L.	(979)	(294)
Other	63	62
<b>Total</b>	<b>(598)</b>	<b>23</b>

#### **20. Valuation adjustments**

"Valuation Adjustments" includes mainly the reserve arising from the net revaluation of land owned by the Parent Company (see Note 4.1). There were no changes therein in 2012 and 2011.

## 21. Minority interests

The detail, by company, of "Reserves of Fully and Proportionately Consolidated Companies" in the consolidated balance sheets at 30 September 2012 and 2011 is as follows:

Entity	Thousands of Euros			
	2012		2011	
	Minority Interests	Minority Interests	Profit or Loss Attributable to Minority Interests	Profit or Loss Attributable to Minority Interests
Compañía de Distribución Integral de Publicaciones Logista, S.L.	-	-	4,953	(818)
Distribuidora Valenciana de Ediciones, S.A.	423	(412)	928	(2)
Terzia, S.p.A.	923	(169)	771	(386)
Publicaciones y Libros, S.A.	-	-	754	(103)
Comercial de Prensa Siglo XXI, S.A.	25	1	-	-
Logista Portugal, Distribuição de Publicações, S.A.	-	-	2	-
Distriburgos, S.A.	(63)	63	(375)	-
Distribuidora del Noroeste, S.L.	-	-	137	4
Transportes Basegar, S.L.	298	41	258	109
Logesta Noroeste, S.A.	62	(62)	408	64
Distribérica, S.A.	-	-	70	2
Distribuidora de Publicaciones del Sur, S.A.	181	(181)	407	57
Other entities	(37)	9	328	40
<b>Total</b>	<b>1,812</b>	<b>(710)</b>	<b>8,641</b>	<b>(993)</b>

The changes in this heading in 2012 and 2011 were as follows:

	Thousands of Euros	
	2012	2011
Beginning balance	8,641	9,775
Changes in the scope of consolidation (Note 2.8.5)	(5,872)	(22)
Change due to profit for the year	(710)	(993)
Dividends paid to minority interests and other	(247)	(119)
<b>Ending balance</b>	<b>1,812</b>	<b>8,641</b>

## 22. Bank borrowings

The detail of the bank borrowings at 30 September 2012 and 2011 is as follows:

	Thousands of Euros					
	2012			2011		
	Non-Current	Current	Total	Non-Current	Current	Total
Bank loans	-	5,326	5,326	9	5,844	5,853
<b>Total</b>	<b>-</b>	<b>5,326</b>	<b>5,326</b>	<b>9</b>	<b>5,844</b>	<b>5,853</b>

At 30 September 2012 and 2011, the Group had unused credit facilities granted by various banks of EUR 5,000 and EUR 6,065 thousand, respectively.

The interest rates on bank borrowings are generally tied to Euribor and denominated in euros. The average interest rates on these borrowings in 2012 and 2011 were 3.30 % and 4.08%, respectively.

The detail of the bank borrowings at 30 September 2010 and 30 September 2011 is as follows:

	Thousands of Euros	
	2012	2011
<b>Maturities:</b>		
On demand or within a year	5,326	5,844
Between one and two years	-	9
	<b>5,326</b>	<b>5,853</b>

### **23. Obligations under finance leases**

The detail of the Group's obligations under finance leases at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	Present Value of Lease Payments	
	2012	2011
<b>Amounts payable under finance leases:</b>		
Within one year	1	13
Between two and five years	-	25
	<b>1</b>	<b>38</b>

In the periods ended 30 September 2012 and 30 September 2011, the average effective interest rates on the finance lease obligations were 2.71% and 5.51%, respectively.

The Group's obligations under finance leases are secured by the lessors' charges on the leased assets.

### **24. Other non-current liabilities**

The detail of "Other Non-Current Liabilities" in the accompanying consolidated balance sheets at 30 September 2012 and 30 September 2011 is as follows:

	Thousands of Euros	
	2012	2011
Guarantees and deposits received	4,919	6,166
Other liabilities	602	827
<b>Total other non-current liabilities</b>	<b>5,521</b>	<b>6,993</b>

### **25. Risk exposure**

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



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

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

### **Credit risk**

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

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

At 30 September 2012 the Group considers that the level of credit risk exposure of its financial assets is not significant.

### **Interest rate risk**

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

In accordance with the disclosure requirements of IFRS 7, the Group performed a sensitivity analysis in relation to the possible interest rate fluctuations which might occur in the markets in which it operates. Based on these requirements, the Group considers that an interest rate drop of 100 basis points would give rise to a decrease in the Group's finance income of EUR 11 million.

### **Foreign currency risk**

The level of exposure of equity and the consolidated income statement to the effects of future changes in the foreign currency exchange rates in force is not significant because the volume of the Group's transactions in currencies other than the euro is not material (see Note 35).

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

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

### **Liquidity risk**

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

Also, as a result of the difference between the average collection and payment periods, at 30 September 2012, the Group had a working capital deficiency amounting to EUR 292,179 thousand (30 September 2011: EUR 352,493 thousand).

In any case, to ensure liquidity and in order to meet the payment obligations arising from its activity, the Group's consolidated balance sheet includes cash and the financing facilities from Group companies and banks detailed in Note 22.

## 26. Provisions

The detail of the balance of short- and long-term provisions in the accompanying consolidated balance sheets at 30 September 2012 and 2011 and of the main changes therein in the periods is as follows:

### 2012

	Thousands of Euros				
	Balance at 30/09/11	Additions	Provisions Used/Reversed	Transfers	Balance at 30/09/12
Customs and excise duty assessments	108,037	4,543	(5,297)	-	107,283
Obligations to employees	6,102	2,039	(971)	-	7,170
Provision for restructuring costs	3,907	5,733	(207)	-	9,433
Provision for contingencies and charges	20,231	587	(5,947)	110	14,981
Other	2,482	5,530	(50)	-	7,962
<b>Non-current provisions</b>	<b>140,759</b>	<b>18,432</b>	<b>(12,472)</b>	<b>110</b>	<b>146,829</b>
Provision for restructuring costs	12,491	5,490	(15,659)	520	2,842
Customer refunds	4,826	200	(1,011)	-	4,015
Other	67	1,170	(415)	180	1,002
<b>Current provisions</b>	<b>17,384</b>	<b>6,860</b>	<b>(17,085)</b>	<b>700</b>	<b>7,859</b>

### 2011

	Thousands of Euros				
	Balance at 30/09/10	Additions	Provisions Used/Reversed	Transfers	Balance at 30/09/11
Customs and excise duty assessments	106,494	4,543	(3,000)	-	108,037
Obligations to employees	6,101	286	(285)	-	6,102
Provision for restructuring costs	6,614	4,235	(521)	(6,421)	3,907
Provision for contingencies and charges	22,164	2,602	(3,611)	(924)	20,231
Other	2,860	-	(378)	-	2,482
<b>Non-current provisions</b>	<b>144,233</b>	<b>11,666</b>	<b>(7,795)</b>	<b>(7,345)</b>	<b>140,759</b>
Provision for restructuring costs	10,272	1,034	(4,743)	5,928	12,491
Customer refunds	4,942	413	(529)	-	4,826
Other	481	216	(2,047)	1,417	67
<b>Current provisions</b>	<b>15,695</b>	<b>1,663</b>	<b>(7,319)</b>	<b>7,345</b>	<b>17,384</b>

### Provisions for tobacco excise duties and customs duty assessments

The Parent Company had recognised provisions for the tax assessments arising as a result of the tax inspections performed by the Spanish customs authorities as regards the settlement of the excise duties on tobacco products for 2004, 2005 and 2006. Since these assessments arose due to a change in the view taken hitherto by the authorities to differentiate between tax warehouses and consumption warehouses, the Parent Company signed in

disconformities these assessments and filed an appeal against these assessments, which amount to EUR 85,011 thousand. In the event that the outcome of these appeals is not favourable, the Parent Company recognised provisions to cover payment of deficiency and late-payment interest amounting to EUR 97,901 thousand. The total amount of the provision includes the late-payment interest since the date these assessments were issued, for an amount of EUR 12,890 thousand, of which EUR 4,055 thousand were recognised in the respective accompanying consolidated income statement for both 2012 and 2011.

On 10 November 2011, on the grounds of procedural discrepancies, the Supreme Court refused leave to proceed with the appeal filed by the Company in relation to part of the aforementioned tax assessments. As a result, the Parent Company paid EUR 5,297 thousand, including late-payment interest, to settle these tax assessments, although the Parent Company's Directors filed an appeal in this connection at the Spanish Constitutional Court, which was given leave to proceed.

Also, on 15 November 2011, the Parent Company received notification from the Customs Agency informing it of the issue of new tax assessments regarding excise duties reported in 2007, for an amount of EUR 3,437 thousand plus EUR 940 thousand of late-payment interest. The Parent Company's Directors did not deem it necessary to recognise a provision for these tax assessments since they refer to a tax year that is no longer open for review.

In addition, the Parent Company was issued assessments by the Customs Inspection Authorities for adjustments in the figure for unpaid amounts relating to tariffs and VAT on imports for the years 2000 and 2002 and for the first half of 2003. The total amount of the deficiency, including interest but not penalties in these assessments is EUR 7,935 thousand. The Company has filed two separate appeals against portions of this amount at the Central Economic-Administrative Tribunal, National Court and Supreme Court and the Catalonia High Court, respectively. The amount was provisioned in full at 30 September 2012. Since the date these assessments were issued, the Parent Company has recognised EUR 1,447 thousand in relation to the necessary late-payment interest, of which EUR 488 thousand were recognised in the accompanying consolidated income statement for 2012 and 2011.

#### **Provision for obligations to employees**

This account includes the present value of the Parent Company's obligations in terms of long-service bonuses and the "free tobacco" benefit. In 2012 a provision of EUR 1,816 thousand was recognised in this connection, of which EUR 1,600 thousand were recognised with a charge to "Reserves of the Parent" in the accompanying consolidated balance sheet since they relate to changes in the actuarial assumptions used to determine the present value of the total obligation assumed by the Company. In 2011 a provision of EUR 216 thousand was recognised in this connection, with a charge to the caption "Staff costs" in the accompanying consolidated income statement.

#### **Provision for restructuring costs**

Logista Italia. S.p.A. is restructuring its logistics warehousing network which gives rise to termination benefits as the main cost. In 2012, the Group has recognized a further EUR 5,733 thousand under "Long-term Provisions". In addition, provisions of EUR 5,807 thousand (2011: EUR 3,970 thousand) were used, of which EUR 207 thousand were recognised under "Long-term Provisions" and EUR 5,600 thousand under "Short-term Provisions". At year-end EUR 9,433 thousand of "Long-term Provisions" (2011: EUR 3,907 thousand) and EUR 328 thousand (2011: EUR 5,928 thousand) of "Short-term Provisions" had not yet been used.

In 2012 provisions of EUR 5,490 thousand were recognised for restructuring programmes that the Parent Company's Directors intend to carry out (2011: EUR 1,034 thousand).

Additionally, in 2012 the Company externalised the payment of survivorship annuity benefits for a group of employees who have taken early retirement. A premium of EUR 7,959 thousand was paid in this connection, and this amount was debited to the related provision.

Also, in 2012 the Company paid termination benefits of EUR 2,100 thousand from a provision recognised for this purpose.

Lastly, the Parent Company has trespassed to this caption an amount of EUR 520 thousand which were recorded in the caption "Non-current provisions – Provisions for restructuring costs".

#### **Provision for contingencies and charges**

At 30 September 2012 the balance of "Provision for Contingencies and Charges" from the detail above includes basically the provisions recognised by Logista Italia, S.p.A. for litigation in progress with members of its logistics warehousing network, which amounts to EUR 7,648 thousand at year-end (2011: EUR 12,564 thousand). In 2012 a provision of EUR 4,498 has been released due to the re-estimation of the risk performed by the Group's Directors. Moreover, the Company has received new demands for this concept which have been provisioned by the Group for a total amount of EUR 283 thousand.

The balance at 30 September 2012 of the "Provision for Contingencies and Charges" in the foregoing detail includes mainly provisions to cover the payment of excise duties relating to tobacco theft primarily in Italy amounting to EUR 3,969 thousand (2011: EUR 4,512 thousand). During 2012, the Company has made disbursements by EUR 543 thousand.

This balance also includes provisions to cover the risk of various lawsuits held by the Group with third parties.

#### **Customer refunds**

The customers of books and publications are entitled to the refund of those products which are finally not sold, and the Group may in turn exercise this entitlement to a refund vis-à-vis its suppliers. At each year-end, the Group recognises a provision based on past experience of the refunds on sales with a view to correcting the margins obtained in the course of the book and publications sales activity.

### **27. Tax matters**

#### **Consolidated Tax Group**

Some of the Group companies file consolidated tax returns with Altadis, S.A.U. (see Note 4.16). The companies included with Altadis, S.A.U. in the Group's consolidated tax return, for Spanish corporation tax purposes, are as follows: Compañía de Distribución Integral Logista, S.A.U., Distribérica, S.A., Publicaciones y Libros, S.A., Distribuidora de las Rías, Logista-Dis, S.A., La Mancha 2000, S.A., Dronas, 2002, S.L., T-2 Gran Canaria, S.A., T-2 Opellog, S.A., Cyberpoint, S.L.L., Distribuidora del Noroeste, S.L., Logilenia Distribuidora Farmacéutica, S.L., Compañía de Distribución Integral de Publicaciones Logista, S.L.U., as well as other Altadis Group companies.

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

#### **Years open for review by the tax authorities**

At 30 September 2012, the Parent Company had the last five years open for review for income tax, since 2011 for customs duties, since 2009 for excise duties, and the remaining four years for the other taxes applicable to it.

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

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

## Tax receivables and payables

The detail of the tax receivables at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
<b>Deferred tax assets:</b>		
Provision for restructuring costs	4,343	7,494
Tax loss and tax credit carryforwards	29,680	23,154
Provision for third-party liability	3,273	4,298
Other deferred tax assets	10,455	14,463
	<b>47,751</b>	<b>49,409</b>
<b>Tax receivables (current):</b>		
VAT refundable	3,674	10,703
Income tax refundable	1,367	1,115
Other	142	232
	<b>5,183</b>	<b>12,050</b>

The deferred tax assets relate mainly to the period provisions for restructuring costs, termination benefits and provisions for obligations to employees which will become tax-deductible in coming years.

The detail of the tax payables at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
<b>Deferred tax liabilities:</b>		
Assets contributed by Altadis	960	958
Revaluation of land owned by the Parent Company	8,550	8,550
Goodwill	92,314	89,453
Other	1,441	2,280
	<b>103,265</b>	<b>101,241</b>
<b>Tax payables (current):</b>		
Excise duty on tobacco products	1,664,382	1,861,463
VAT payable	443,916	502,824
Customs duty settlements	5,571	6,627
Income tax, net of prepayments	16,875	13,682
Personal income tax withholdings	2,567	1,989
Social security taxes payable	5,418	6,326
Other	2,636	1,652
	<b>2,141,365</b>	<b>2,394,563</b>

Short-term balances include mainly the "Excise Duty on Tobacco Products" accrued by the Parent Company and by Logista Italia, S.p.A. and pending payment to the tax authorities.

Until 2011, each year the Parent Company decreased its taxable profit by one twentieth of the implicit goodwill included in the acquisition price of its subsidiary in Italy. These reductions are considered to be temporary differences.

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

#### Reconciliation of the accounting profit to the taxable profit

The reconciliation of the income tax expense resulting from the application of the standard tax rate in force in Spain to the income tax expense recognised for the periods ended 30 September 2012 and 2011:

	Thousands of Euros	
	2012	2011
Consolidated profit before tax	117,489	128,301
Income tax at the applicable tax rate	36,980	37,899
Tax credits arising from:		
Double taxation	(719)	(785)
Investments	(805)	(88)
Others	(43)	(100)
<b>Current income tax expense</b>	<b>35,413</b>	<b>36,926</b>

#### Changes in deferred tax assets and liabilities

The changes in deferred tax assets and liabilities in 2012 and 2011 were as follows:

##### 2012

	Thousands of Euros		
	Balance at 30/09/11	Change in Profit	Balance at 30/09/12
<b>Deferred tax assets:</b>			
Provision for restructuring costs	7,494	(3,151)	4,343
Other deferred tax assets	41,915	1,493	43,408
	<b>49,409</b>	<b>(1,658)</b>	<b>47,751</b>
<b>Deferred tax liabilities:</b>			
Goodwill	89,453	2,861	92,314
Fixed assets	9,510	-	9,510
Other deferred tax liabilities	2,278	(837)	1,441
<b>Deferred tax liabilities</b>	<b>101,241</b>	<b>2,024</b>	<b>103,265</b>

2011

	Thousands of Euros			
	Balance at 30/09/10	Change in Profit	Other movements	Balance at 30/09/11
<b>Deferred tax assets:</b>				
Provision for restructuring costs	6,543	951	-	7,494
Other deferred tax assets	38,845	4,214	(1,143)	41,915
	<b>45,388</b>	<b>5,165</b>	<b>(1,143)</b>	<b>49,409</b>
<b>Deferred tax liabilities:</b>				
Goodwill	76,099	13,354	-	89,453
Fixed assets	9,496	14	-	9,510
Other deferred tax liabilities	2,527	(249)	-	2,278
<b>Deferred tax liabilities</b>	<b>88,122</b>	<b>13,119</b>	<b>-</b>	<b>101,241</b>

#### Tax credit carryforwards

At 30 September 2012, the Parent Company did not have any tax credit carryforwards.

#### 28. Other current financial liabilities

This heading includes mainly the balance of the current account with Imperial Tobacco Enterprise Finance Limited, amounting EUR 10,098 thousand (see Note 35).

Additionally, this caption includes the loan granted to Compañía de Distribución Integral Logista, S.A.U. and GTECH Global Lottery, S.L.U., Unión Temporal de Empresas, which amounted to EUR 22,394 thousands as of 30 September 2012. This amount reflects the account payable by the Group to Global Lottery arisen as a consequence of the debt acquired with the other Shareholder of the mentioned joint venture.

#### 29. Trade and other payables

The detail of "Trade and Other Payables" in the accompanying consolidated balance sheet at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Accounts payable for purchases and services	658,256	514,727
Notes payable	17,241	15,238
Payable to related companies (Note 35)	94,195	69,136
Advances received on orders	240	233
	<b>769,932</b>	<b>599,334</b>

"Trade and Other Payables" includes mainly the amounts outstanding for trade purchases and related costs. The average payment period for trade purchases in 2012 was approximately 33 days (2011: 30 days).

### **30. Other current liabilities**

At 30 September 2012, "Other Current Liabilities" includes mainly the remuneration payable to the employees of the various Group companies.

### **31. Guarantee commitments to third parties**

At 30 September 2012, the Group has been provided with bank guarantees totalling EUR 290,150 thousand (30 September 2011: EUR 328,792 thousand which, in general, secure the fulfilment of certain obligations assumed by the consolidated companies in the performance of their business activities.

These guarantees include those that cover the assessments issued by the public authorities as a result of the inspections performed by the Spanish customs authorities of the settlement of excise duties on tobacco products for 2004, 2005, 2006 and 2007, which have been appealed and amount to EUR 110,213 thousand in 2012 (2011: EUR 115,510). The Directors consider that the risk of contingencies arising as a result of these guarantees is sufficiently covered by the provisions recognised at 30 September 2012 (see Note 26).

Practically all the guarantees relate to normal commercial transactions; in this connection the Parent Company's Directors consider that the liabilities not foreseen at 30 September 2012 and 2011 which might arise from the aforementioned guarantees provided would not, under any circumstances, be material.

At 30 September 2012 and 2011, the Group had taken out insurance policies to cover possible contingencies for transport and storage in factories and representative offices, fire and third-party liability for all its work centres. The insured sum adequately covers the aforementioned assets and risks.

### **32. Income and expenses**

#### **a) Revenue**

The detail of "Revenue" in the consolidated income statements for 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Distribution and logistics	5,260,965	5,398,652
Publications and books	64,278	77,820
Transport	218,075	224,561
<b>Total</b>	<b>5,543,318</b>	<b>5,701,033</b>

#### **b) Staff costs**

The detail of the Group's "Staff Costs" in 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Wages, salaries and similar expenses	135,613	136,523
Employer social security costs	32,955	33,292
Other employee benefit costs (Note 4.12)	2,881	2,794
Other social costs	5,762	4,878
	<b>177,211</b>	<b>177,487</b>

The average number of employees at the Group, by professional category, in 2012 and 2011 was as follows:



## 2012

Category	Number of Persons							
	Average Headcount				Headcount at 30/09/12			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
	Men	Women	Men	Women	Men	Women	Men	Women
Management	51	6	-	-	51	6	-	-
Line personnel and clerical staff	1,097	952	101	144	1,110	958	126	125
Warehousemen	1,161	576	258	57	1,178	602	281	77
<b>Total</b>	<b>2,309</b>	<b>1,534</b>	<b>359</b>	<b>201</b>	<b>2,339</b>	<b>1,566</b>	<b>407</b>	<b>202</b>
<b>TOTAL</b>	<b>3,843</b>		<b>560</b>		<b>3,905</b>		<b>609</b>	

## 2011

Category	Number of Persons							
	Average Headcount				Headcount at 30/09/11			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
	Men	Women	Men	Women	Men	Women	Men	Women
Management	56	6	-	-	54	5	-	-
Line personnel and clerical staff	1,088	944	150	131	1,113	954	146	125
Warehousemen	1,219	660	331	82	1,182	625	347	86
<b>Total</b>	<b>2,364</b>	<b>1,610</b>	<b>481</b>	<b>213</b>	<b>2,349</b>	<b>1,584</b>	<b>493</b>	<b>211</b>
<b>TOTAL</b>	<b>3,973</b>		<b>694</b>		<b>3,933</b>		<b>704</b>	

The average number of disabled employees at the Group in 2012 and 2011 with disabilities greater or equal to 33% was 15 and 49, respectively.

### **Remuneration of senior executives**

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

The remuneration earned in 2012 by the members of the Parent Company's Management Committee amounted to EUR 3,581 thousand (2011: EUR 2,132 thousand), and included the remuneration received by certain executives who are also members of the Parent Company's Board of Directors. These amounts include the sums paid to members of the Management Committee in 2012 and 2011 relating to the incentive plan detailed in Note 4.12.

The contributions payable by the company in 2012 to pension plans for the members of the Parent Company's Management Committee amounted to EUR 41 thousand and EUR 30 thousand at 30 September 2012 and 2011.

**c) Other operating expenses**

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

*Cost of logistics networks*

	Thousands of Euros	
	2012	2011
Leases	29,250	31,272
Security and cleaning	11,164	11,784
Utilities	15,233	15,058
Other operating expenses	67,141	67,942
<b>Total</b>	<b>122,788</b>	<b>126,056</b>

*Head office costs*

	Thousands of Euros	
	2012	2011
Leases	2,379	2,718
Security and cleaning	557	368
Utilities	429	406
Other operating expenses	16,047	17,976
<b>Total</b>	<b>19,412</b>	<b>21,468</b>

*Commercial expenses*

	Thousands of Euros	
	2012	2011
Leases	187	193
Security and cleaning	1	1
Utilities	22	23
Other operating expenses	15,090	15,582
<b>Total</b>	<b>15,300</b>	<b>15,799</b>

**d) Finance income**

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

	Thousands of Euros	
	2012	2011
Interest income	21,786	25,173
Exchange gains	-	1
Other finance income	3,289	2,151
	<b>25,075</b>	<b>27,325</b>

**e) Finance expenses**

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

	Thousands of Euros	
	2012	2011
Accrual for late payment interests and financial update of provisions (Note 26)	4,812	5,195
Negative exchange differences	26	-
Other financial costs	6,983	5,690
	<b>11,821</b>	<b>10,885</b>

**f) Other disclosures**

The fees for financial audit services provided to the various companies composing the Logista Group by the principal auditor and by other entities related to the auditor during 2012 amounted to EUR 800 thousand (2011: EUR 809 thousand). Also, the fees charged by other auditors participating in the audit of the various Group companies totalled EUR 234 thousand (2011: EUR 233 thousand).

In addition, the principal auditor and other entities related to the auditor provided other professional services to the various Group companies amounting to EUR 295 thousand in 2012 (2011: EUR 159 thousand). There have been no other fees paid for other professional services provided by other auditors participating in the audit of the various Group companies in year 2012. The amount paid in year 2011 amounted to EUR 1 thousand.

**33. Segment reporting**

**Basis of segmentation**

Segment reporting is structured on a primary basis by business segment and on a secondary basis by geographical segment.

**Primary segments - Business segments**

The business lines described below were established on the basis of the Logista Group's organisational structure at 2012 year-end, taking into account, on the one hand, the nature of the goods and services offered and, on the other, the activities of the customers at which they are targeted.

In 2012 the Logista Group engaged mainly in the following major lines of business, which provides the basis for the Group's primary segment reporting:

1. Distribution and Logistics activity.
2. Publishing industry activity.
3. Transport activity.

Income and expenses that cannot be specifically attributed to any operating line or that are the result of decisions affecting the Group as a whole –and, among them, expenses incurred in projects or activities affecting several lines of business, income from strategic investments, etc.–are attributed to the “Distribution and Logistics” segment given the Company's origins and the symbiosis between the corporate unit and the Group's traditional and main business line, to which the reconciling items arising from the reconciliation of the result of integrating the financial statements of the various lines of business (prepared using a management approach) into the Group's consolidated financial statements are also allocated.

**Secondary segments - Geographical segments**

The Group's business activities are located mainly in Spain, Portugal and Italy. “Other” includes France, Poland and Morocco.

## Basis and methodology for segment reporting

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

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

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

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

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

Segment information about these businesses is presented below.

## Primary segment reporting

	Thousands of Euros							
	Distribution and Logistics		Publishing Industry		Transport		Total Group	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Revenue:</b>								
External sales	5,273,361	5,411,729	64,889	78,472	300,344	311,400	5,638,594	5,801,602
Inter-segment sales	-	-	-	-	-	-	(95,276)	(100,568)
<b>Total revenue</b>	<b>5,269,490</b>	<b>5,411,729</b>	<b>64,889</b>	<b>78,472</b>	<b>300,344</b>	<b>311,400</b>	<b>5,543,318</b>	<b>5,701,033</b>
<b>Profit or loss:</b>								
Segment result	117,913	109,238	(8,104)	(6,539)	(3,074)	10,012	106,735	112,711
Share of results of Associates	-	-	-	-	-	-	(432)	(850)
<b>Profit (Loss) from operations</b>	<b>117,913</b>	<b>109,238</b>	<b>(8,104)</b>	<b>(6,539)</b>	<b>(3,074)</b>	<b>10,012</b>	<b>106,303</b>	<b>111,861</b>

Inter-segment sales are made at prevailing market prices.

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

	Thousands of Euros							
	Distribution and Logistics		Publishing Industry		Transport		Total Group	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Other disclosures:</b>								
Additions to non-current assets	19,920	23,828	935	1,223	3,055	3,974	23,910	29,025
Depreciation and amortisation charge	(21,821)	(21,087)	(2,499)	(3,545)	(9,242)	(9,011)	(33,562)	(33,643)
<b>Balance sheet:</b>								
Assets-								
Property, plant and equipment	168,259	172,136	16,296	17,735	31,606	36,255	216,161	226,126
Other non-current assets	737,452	738,023	6,187	5,394	35,755	48,536	779,394	791,953
Inventories	652,934	729,536	23,870	35,986	1,244	1,471	678,048	766,993
Trade receivables	777,844	792,792	44,879	58,711	18,947	4,392	841,670	855,895
Other current assets	-	-	-	-	-	-	1,178,807	1,161,595
<b>Total consolidated assets</b>	-	-	-	-	-	-	<b>3,694,189</b>	<b>3,802,562</b>
Liabilities-								
Non-current liabilities	242,566	240,384	6,678	5,873	5,059	2,770	254,304	249,027
Current liabilities	2,827,168	2,948,305	95,710	118,811	69,138	69,860	2,992,015	3,136,976
Equity	-	-	-	-	-	-	447,870	416,559
<b>Total consolidated liabilities</b>	-	-	-	-	-	-	<b>3,694,189</b>	<b>3,802,562</b>

### Secondary segment reporting

The breakdown of certain of the Group's consolidated balances based on the geographical location of the companies that gave rise to them is as follows:

	Thousands of Euros					
	Ordinary Revenue		Total Assets		Additions to Non-Current Assets	
	2012	2011	2012	2011	2012	2011
Spain	2,191,667	2,216,469	1,725,682	1,795,811	18,220	25,151
Italy	2,909,597	3,002,659	1,777,409	1,858,969	4,230	1,431
Portugal	421,091	466,211	204,400	159,494	1,196	2,362
Other	17,092	15,694	(13,302)	(11,712)	154	81
<b>Total</b>	<b>5,539,447</b>	<b>5,701,033</b>	<b>3,694,189</b>	<b>3,802,562</b>	<b>23,801</b>	<b>29,025</b>

### 34. Foreign currency transactions

The Logista Group's foreign currency transactions in 2012 and 2011, measured in euros at the average exchange rate for the year, were as follows:

	Thousands of Euros	
	2012	2011
Sales	12,300	10,058
Purchases	5,763	4,972
Services received	4,922	4,332

### 35. Balances and transactions with related parties

The balances at 30 September 2012 and 2011 with associates and other related companies were as follows:

#### 2012

	Receivables		Payables	
	Credit Facilities	Accounts Receivable	Credit	Accounts Payable
Altadis, S.A.U.	1,096,084	2,935	-	42,623
Imperial Tobacco Overseas Holding	-	1,204	-	34,792
Imperial Tobacco Enterprise Finance Limited	-	-	10,098	-
SEITA	-	241	-	-
Altadis Distribution France, S.A.	-	791	-	-
John Player, S.A.	-	3,563	-	11,778
Other	-	3,132	-	5,002
	<b>1,096,084</b>	<b>11,866</b>	<b>10,098</b>	<b>94,195</b>

#### 2011

	Receivables		Payables	
	Credit Facilities	Accounts Receivable	Credit	Accounts Payable
Altadis, S.A.U.	1,076,568	3,526	-	38,075
Imperial Tobacco Overseas Holding	-	618	-	23,538
Imperial Tobacco Enterprise Finance Limited	-	-	30,291	-
SEITA	-	198	-	-
Altadis Distribution France, S.A.	-	1,245	-	-
John Player, S.A.	-	3,607	-	7,054
Other	62	2,522	-	469
	<b>1,076,630</b>	<b>11,716</b>	<b>30,291</b>	<b>69,136</b>

The Parent Company holds a current account with Imperial Tobacco Enterprise Finance Limited, on which interest is paid by the latter at the European Central Bank interest rate, plus a 0.75% spread, both for debtor and creditor balances, pursuant to the agreement entered into by the two parties, which is automatically renewable every 30 September. The interest is payable on a quarterly basis. At 30 September 2012, the account payable on this current account is approximately EUR 10,098 thousand (2011: EUR 30,291 thousand), which are recognised under "Payables to Group Companies and Associates" in the accompanying consolidated balance sheet.

In addition, the Parent Company holds since 1 October 2009 an agreement of treasury cessions with Altadis, S.A.U., which bears interest tied to the European Central Bank official rate plus a spread of 0.75% and which is renewed on an annual basis. At 30 September 2012, the balance amounts to EUR 1,096,084 thousand, including interests (2011: EUR 1,076,568 thousand).

The transactions with related companies in 2012 and 2011 were as follows:

**2012**

	Thousands of Euros			
	Operating Income	Finance Income	Purchases	Other Operating Expenses
Altadis, S.A.U.	8,113	19,516	468,588	416
Altadis Polska, S.A.	556	-	-	-
Altadis USA	-	-	279	-
Imperial Tobacco Italy, s.r.l.	580	-	77,678	-
Imperial Tobacco Polska, S.A.	3,404	-	-	2
Imperial Tobacco Enterprise Finance Limited	-	1,566	-	-
Imperial Tobacco International Limited	1,947	-	18,655	-
Imperial Tobacco Portugal SPPLC	791	-	-	-
SEITA, S.A.	1,343	-	-	-
John Player, S.A.	2,208	-	34,539	-
Corporación Habanos, S.A.	-	-	-	-
Promocigar	4	-	-	-
<b>Total</b>	<b>18,946</b>	<b>21,082</b>	<b>599,739</b>	<b>418</b>

**2011**

	Thousands of Euros			
	Operating Income	Finance Income	Purchases	Other Operating Expenses
Altadis, S.A.U.	7,650	20,761	449,639	366
Altadis Polska, S.A.	218	-	-	-
Altadis USA	-	-	305	-
Imperial Tobacco Italy, s.r.l.	1,179	-	68,334	-
Imperial Tobacco Polska, S.A.	3,751	-	-	31
Imperial Tobacco Enterprise Finance Limited	-	3,765	-	-
Imperial Tobacco International Limited	1,553	-	22,859	354
Imperial Tobacco Portugal SPPLC	611	-	-	-
SEITA, S.A.	1,213	-	1	-
John Player, S.A.	1,977	-	35,340	-
Corporación Habanos, S.A.	5	-	-	-
Promocigar	2	-	-	-
<b>Total</b>	<b>18,159</b>	<b>24,526</b>	<b>576,479</b>	<b>751</b>

**36. Remuneration of Directors****Remuneration of the Parent Company's Directors**

The remuneration received in 2012 by the Parent Company's Directors as members of the Board or of certain of its standing committees totalled EUR 211 thousand (2011: EUR 362 thousand).

In 2012 and 2011 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.

No 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.

All the Directors are male, except for one female.

**Detail of the investments in companies engaging in similar activities and of the similar activities carried on by the Directors, as independent professionals or as employees of the Parent Company**

Pursuant to Article 229 of the Spanish Capital Companies Law, in order to reinforce the transparency of corporations, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Compañía de Distribución Integral Logista, S.A., in which the members of the Board of Directors own or have owned equity interests in 2012, and of the functions, if any, that they discharge thereat:

Owner	Investor	Line of Business	Ownership Interest	Functions
D <sup>a</sup> Alison Cooper	Imperial Tobacco Group	Tobacco manufacture	147,917 shares	C.E.O.
D. Luis Egidio Gálvez	Imperial Tobacco Group	Tobacco manufacture	56,427 shares	General Manager, Logistics Business
D. Kenneth Hill	Imperial Tobacco Group	Tobacco manufacture	Less than 0.01%	Special projects manager
D. Conrad Tate	Imperial Tobacco Group	Tobacco manufacture	Less than 0.01%	Corporate Development manager
D. José Riva Francos	Vapores Suardiaz	Transport	15%	Vicechairman and Chairman of the Board

Also, pursuant to the aforementioned law, set forth below are the activities performed by the various members of the Board of Directors in 2012, which are identical, similar or complementary to the activities that constitute the company object of Compañía de Distribución Integral Logista, S.A.:

Name	Activity Performed	Type of Arrangement under which the Activity is Performed	Company through which the Activity is Performed	Position held or Function Discharged at the Company Concerned
D. Gregorio Marañón y Bertrán de Lis	Tobacco manufacture	Employee	Altadis, S.A.U.	Chairman of the Board
D. Luis Egidio Gálvez	Tobacco manufacture	Employee	Altadis, S.A.U.	Logistics unit general manager
	Distribution	Employee	Logista Italia, S.p.A.	Chairman
	Distribution	Employee	Logista Portugal (Branch)	Legal Representative
	Distribution	Employee	T2 Opellog, S.A.	Chairman
	Transport	Employee	Dronas 2002, S.L.	Chairman
D. Kenneth Hill	Tobacco manufacture	Employee	Commonwealth Brands	Chairman of the Board
	Vending machines manufacture	Employee	Sinclair Collins	Chairman of the Board
D. Rafael de Juan López	Transport	Employee	Dronas 2002, S.L.	Chairman of the Board
	Distribution	Employee	T2 Opellog, S.A.	Chairman of the Board
	Distribution	Employee	Logista Italia, S.p.A.	Chairman of the Board
	Distribution	Employee	Logista Publicaciones, S.L.	Chairman
D. Eduardo Zaplana Hernández-Soro	Telecommunications	Employee	Telefónica, S.A.	Adjunt to the Technical General Secretary

### **37. Discontinued operations**

In 2008 Logista France, S.A.S. transferred its promotional and marketing material logistics business to Publidispatch, S.A.S., a company incorporated in 2008, and retained certain assets for their subsequent sale or disposal. Since the Group decided to dispose of the latter, these items have been recognised under "Non-Current Assets Held for Sale" since 2008.



Accordingly, the Group recognised in profit from discontinued operations the provision recorded in current year to cover the impairment of the net assets of this subsidiary, for a total amount of EUR 600 thousand (2011: EUR 500 thousand).

The detail of the assets owned by this company is as follows:

	Thousands of Euros	
	2012	2011
<b>Buildings:</b>		
Auby	2,117	2,117
Investment in Publidispatch, S.A.S.	392	392
Other	(2.309)	(1,709)
<b>Total</b>	<b>200</b>	<b>800</b>

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

The detail of the disclosures required under Additional Provision Three of Law 15/2010, of 5 July, is as follows:

	Amounts Paid and Payable at Year-End			
	2012		2011	
	Amount	%	Amount	%
Paid within the maximum payment period	2,655,151	98.62%	2,843,946	96.53%
Remainder	37,146	1.38%	102,224	3.47%
<b>Total payments made in the year</b>	<b>2,692,297</b>	<b>100%</b>	<b>2,946,170</b>	<b>100%</b>
Payables at year-end past due by more than the maximum payment period	3,296		10,745	

The figures presented in the table above refer to payments of goods and services performed by the Group's consolidated Spanish companies. Attending to their nature, these accounts payable relate to suppliers and therefore, they include the figures relating to "Payable to Suppliers" and "Sundry Accounts Payable" under current liabilities in the consolidated balance sheet.

The weighted average period of late payment was calculated as the quotient whose numerator is the result of multiplying the payments made to suppliers past due by more than the maximum payment period by the number of days of late payment and whose denominator is the total amount of the payments made in the year outside the maximum payment period. The weighted average period of late payment has been 7 days in 2012 (2011: 9 days).

The maximum payment period applicable to the Company in 2012 under Law 3/2004, of 29 December, on combating late payment in commercial transactions, was 75 days.

### **39. Environmental matters**

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

### **40. Subsequent events**

On 9 October 2012, the Company acquired all the shares of Altadis Distribution France, S.A.S. from Seita S.A.S. which also belongs to the Imperial Tobacco Limited Group. The transaction price amounted to EUR 920 million, which was paid through the transfer of the same amount from the Company's account receivable from Altadis, S.A.U. At the date of preparation of these consolidated financial statements, the Company's Directors were allocating the price paid to the various assets acquired and liabilities assumed on the basis of their fair value.

### **41. Explanation added for translation to English**

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

## Appendix I

### Logista Group Subsidiaries

The companies detailed below were either fully consolidated, because they are companies in which the Logista Group owns majority voting rights, or were proportionately consolidated:

2012

Company	Audit firm	Location	% of ownership By the Parent Company		Net Book Value	Thousands of Euros			
						Data on the Companies			
			Direct	Indirect		Assets	Liabilities	Equity	Profit/Loss Ejercicio
Compañía de Distribución Integral de Publicaciones Logista, S.L.	Deloitte	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	100	-	94	53,673	51,568	2,105	(6,756)
Logista Portugal, Distribuição de Publicações, S.A. y soc. dependientes (a):	Deloitte	Expansão del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100	-	33,227	37,232	(4,005)	(4,113)
Jornal Matinal, L.D.A. (a)	Deloitte	Expansão del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	80	167	595	375	220	51
Marco Postal Entrega Personalizada de Publicações, L.D.A. (a)	Deloitte	Expansão del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100	458	1,010	558	452	(25)
Distribérica, S.A. (a)	Not audited	C/ Electricidad, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	100	2,632	2,723	5	2,718	2,025
Publicaciones y Libros, S.A. (a)	Deloitte	C/ Electricidad, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	100	530	4,128	3,561	567	(984)
Distribuidora del Noroeste, S.L. (a)	BDO	Gandarón, 34 Interior- Vigo	49	51	139	2,916	2,014	902	54
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (a)	Not audited	C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)	-	80	64	866	745	121	3
Distribuidora de Publicaciones del Sur, S.A. (a)	BDO	Polígono Ind. ZAL, Ctra. De las Exclutas, s/n, Parcela 2, Módulos 3 y 4 (Sevilla)	-	50	5	2,892	2,917	(25)	(387)
Promotora Vascongada de Distribuciones, S.A. (a)	Not audited	C/ Guipúzcoa 5. Polígono Industrial Lezama Leguzamón, Echevarri (Vizcaya)	-	100	4	1,466	1,629	(163)	(321)
Distribuidora de las Rías, S.A. (a)	Not audited	Polígono PO.CO.MA.CO, Parcela D-28. La Coruña	-	100	231	1,194	929	265	55
Distribuidora Valenciana de Ediciones, S.A. (a)	Deloitte	Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia	-	50	-	3,691	2,839	852	(825)
Cyberpoint, S.L.L. (f)	Not audited	C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	100	76	85	9	76	11
Distribuidora del Este, S.A. (a)	BDO	Calle Saturno, 11. Alicante	-	100	369	882	513	369	(543)

Company	Audit firm	Location	% of ownership By the Parent Company		Net Book Value	Thousands of Euros			
						Data on the Companies			
						Assets	Liabilities	Equity	Profit/Loss Ejercicio
S.A. Distribuidora de Ediciones (a)	Deloitte	C/ B, Sector B Poligono Zona Franca. Barcelona	-	100	3,513	7,964	7,016	948	676
La Mancha 2000, S.A. (a)	Not audited	Avda. Castilla La Mancha sn. Cabanillas del Campo. Guadalajara	100	-	1,352	2,836	506	2,330	157
Midstid Sociedade Portuguesa de Distribuicao, SGPS, S.A. (a)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	100	-	3,280	33,851	31,393	2,458	(1,494)
Logista-Dis, S.A. (b)	Deloitte	C/ Trigo, 39, Poligono Industrial Polvoranca. Leganés	100	-	1,202	17,070	13,201	3,869	2,235
Logista Libros, S.L. (h)	Deloitte	Avda Castilla La Mancha, 2, Nave 3-4 Poligono Ind La Quinta (Sector P-41) Cabanillas del Campo,	50	-	542	51,187	48,077	3,110	902
Librodis Promotora y Comercializadora del Libro, S.A. (a) (h)	Not audited	Avda Castilla La Mancha, 2, Nave 3-4 Poligono Ind La Quinta (Sector P-41) Cabanillas del Campo,	-	50	99	58	366	(308)	(241)
Avanzalibros, S.L. (h)	Not audited	Avda Castilla La Mancha, 2, Nave 3-4 Poligono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	-	50	100	1,580	1,597	(17)	(341)
Logesta Gestión de Transporte, S.A. (d)	Deloitte	C/ Trigo, 39, Poligono Industrial Polvoranca. Leganés	100	-	4,510	34,152	27,271	6,881	2,252
Logesta Italia, s.r.l.	Deloitte	Via in Arcione 98 Roma	-	100	100	8,196	6,570	1,626	830
Transportes Basegar, S.A.	Deloitte	C/ Chavarri, S/N, Edificio Reimasa. Sestao (Vizcaya)	-	60	186	3,237	2,618	619	158
Logesta Noroeste, S.A.	Deloitte	C/ Trigo, 39, Poligono Industrial Polvoranca. Leganés	-	100	615	1,270	519	751	(289)
Logesta Lusa Lda	Not audited	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100	(7)	51	66	(15)	(51)
Logesta Polska Sp. z o.o.	Not audited	Flory nr 9, lok 6. kod-00-586 Warszawa--(Polonia)	49	51	-	1,266	1,244	22	433
Logesta Deutschland GMBH	Not audited	Pilotystr 4. 80538- München-(Alemania)	-	100	100	242	238	4	(26)
Logesta France, s.a.r.l.	Not audited	25 Av, Du Bois de la Pie, Z.I, Paris Nord, 93290 Tremblay (Francia)	-	100	100	2,432	1,789	643	191
Dronas 2002, S.L. y sociedades dependientes (c)	Deloitte	Pol, Industrial Nordeste, c/ Energía 25-29, Sant Andreu de la Barca	100	-	21,292	117,336	79,659	37,677	2,948
T2 Gran Canaria, S.A.	Deloitte	Urbanización El Cebadal, C/ Entrerrios, 3, Las Palmas de Gran Canaria	-	100	1,657	6,446	2,403	4,044	1,047
T2 Opellog, S.A.	Deloitte	Poligono Industrial Nordeste, C/ Industria, 53-65, San Andreu de la Barca	-	100	4,330	12,909	8,579	4,330	554
Loglenia Distribuidora Farmacéutica, S.L.	Not audited	C/ Trigo, 39, Poligono Industrial Polvoranca. Leganés	-	100	370	6,905	6,535	370	(41)

Company	Audit firm	Location	% of ownership By the Parent Company		Net Book Value	Thousands of Euros			
						Data on the Companies			
			Direct	Indirect		Assets	Liabilities	Equity	Profit/Loss Ejercicio
Logista Italia, S.p.A. (a)	Deloitte	Via in Arciones 98, Roma (Italia)	100	-	605,629	1,710,684	1,627,463	83,221	48,519
Terzia, S.p.A. (a)	Deloitte	Via in Arciones, 98, Roma (Italia)	-	68	408	6,993	6,402	591	(531)
Logista, Transportes e Transitarios, Lda. (d)	Deloitte	Expansao del area ind, Do Pasill, Lote I-A, Palhava, Alcochete (Portugal)	100	-	940	7,977	9,299	(1,322)	(1,378)
Compania de Distribución Integral Logista Polska, Sp Z.o.o. (a)	Not audited	Al, Jerozolimskie 133, Warszawa, Polonia	100	-	-	1,641	5,111	(3,470)	(783)

- (a) All these companies engage in the distribution and dissemination of publications and in the distribution of tobacco and other consumer products in Spain, Italy, France and Portugal,
- (b) These companies engage in the purchase and sale of consumer products,
- (c) The Dronas Group engages in integrated shipping, express shipping and pharmaceutical logistics,
- (d) These companies' object is the performance of transport activities,
- (e) This company engages in the provision of an integrated logistics service in the organised catering network channel,
- (f) This company is specialised in software development for the management of points of sale for publications,
- (g) This group engages in the distribution of marketing, promotional and advertising material to retail networks and in the distribution of other consumer products,
- (h) This company has been proportionately consolidated,

Company	Audit Firm	Location	% of ownership By the Parent Company		Net book Value	Thousands of Euros			
						Data on the Companies			Profit/Loss Ejercicio
			Direct	Indirect		Assets	Liabilities	Equity	
Compañía de Distribución Integral de Publicaciones Logista, S.L.	Deloitte	C/ Electricidad, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	75	-	-	56,824	54,075	2,767	(6,116)
Logista Portugal, Distribuição de Publicações, S.A. y soc. dependientes (a):	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	57	-	39,992	42,784	(2,792)	(2,856)
Jornal Matinal, LDA. (a)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	76	106	671	502	169	34
Marcos Postal Entrega Personalizada de Publicações, LDA. (a)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	75	493	1,348	871	477	(15)
Distribérica, S.A. (a)	Not audited	C/ Electricidad, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	75	4,099	1,696	3	1,693	67
Publicaciones y Libros, S.A. (a)	Deloitte	C/ Electricidad, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	75	-	3,975	422	3,553	(412)
Distribuidora del Noroeste, S.L. (a)	BDO	Gandarón, 34 Interior- Vigo	-	75	-	3,337	2,489	848	34
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (a)	Not audited	C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)	49	60	64	947	829	118	132
Distribuidora de Publicaciones del Sur, S.A. (a)	BDO	Poligono Ind. ZAL, Ctra. De las Exclutas, s/n, Parcela 2, Módulos 3 y 4 (Sevilla)	-	50	69	3,626	3,263	363	91
Promotora Vascongada de Distribuciones, S.A. (a)	Not audited	C/ Guipúzcoa 5. Poligono Industrial Lezama Leguizamón, Echevarri (Vizcaya)	-	75	135	1,758	1,600	158	(131)
Asturesa de Publicaciones, S.A. (a)	Not audited	Pérez Galdós, 10. Oviedo	-	75	233	245	-	245	-
Distribuidora de las Rías, S.A. (a)	Not audited	Poligono PO.CO.MA.CO, Parcela D-28. La Coruña	-	75	170	1,549	1,339	210	47
Distribuidora Valenciana de Ediciones, S.A. (a)	Deloitte	Poligono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia	-	75	-	5,049	3,373	1,676	(4)
Distriburgos, S.A. (a)	Not audited	c/ Canónigo Isidoro Díaz de Muragarrén, 2, 7ªA Burgos	-	50	-	(6)	936	(942)	-
Cyberpoint, S.L.L. (f)	Not audited	C/ Electricidad, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)	-	50	70	40	(24)	64	(9)
Distribuidora del Este, S.A. (a)	BDO	Calle Saturno, 11. Alicante	-	75	-	1,486	1,524	(38)	(61)
S.A. Distribuidora de Ediciones (a)	Deloitte	C/ B, Sector B Poligono Zona Franca. Barcelona	-	75	3,513	9,607	9,336	271	(478)

Company	Audit Firm	Location	% of ownership By the Parent Company		Net book Value	Thousands of Euros			
						Data on the Companies			
			Direct	Indirect		Assets	Liabilities	Equity	Profit/Loss Ejercicio
La Mancha 2000, S.A. (a)	Not audited	Avda. Castilla La Mancha sn. Cabanillas del Campo. Guadalajara	100	-	1,352	2,725	553	2,172	135
Midsid Sociedade Portuguesa de Distribuicao, SGPS, S.A. (a)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	100	-	3,610	38,507	34,555	3,952	1,212
Logista-Dis, S.A. (b)	Deloitte	C/ Trigo, 39. Poligono Industrial Polvoranca. Leganés	100	-	1,202	15,443	11,309	4,134	2,557
Logista Libros, S.L. (h)	Deloitte	Avda Castilla La Mancha, 2. Nave 3-4 Poligono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	50	-	542	52,365	50,156	2,209	251
Librodís Promotora y Comercializadora del Libro, S.A. (a) (h)	Not audited	Avda Castilla La Mancha, 2. Nave 3-4 Poligono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	-	50	197	123	191	(68)	65
Avanzalibros, S.L. (h)	Not audited	Avda Castilla La Mancha, 2. Nave 3-4 Poligono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	-	50	200	1,083	759	324	272
Logesta Gestión de Transporte, S.A.U. (d)	Deloitte	C/ Trigo, 39. Poligono Industrial Polvoranca. Leganés	100	-	4,510	35,897	30,268	5,629	1,042
Logesta Italia, s.r.l.	Deloitte	Via in Arcione 98. Roma	-	100	100	7,811	6,015	1,796	541
Transportes Basegar, S.A.	Deloitte	C/ Chavarri, S/N, Edificio Reimasa. Sestao (Vizcaya)	-	60	186	3,384	2,851	533	187
Basegar Logística, S.L.	Not audited	c/ Alameda Recalde, 34, 2º izda Bilbao	-	50	30	23	167	(144)	(48)
Logesta Noroeste, S.A.	Deloitte	C/ Trigo, 39. Poligono Industrial Polvoranca. Leganés	-	60	420	2,368	1,329	1,039	161
Logesta Luisa Lda	Not audited	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100	-	315	279	36	(5)
Logesta Polska Sp. Z o.o.	Not audited	Flory nr 9, lok 6. kod-00-586 Warszawa--(Polonia)	-	100	-	1,233	1,630	(397)	142
Logesta Deutschland GMBH	Not audited	Pilotstr 4. 80538- München-(Alemania)	-	100	100	124	93	31	(23)
Logesta France, s.a.r.l.	Not audited	25 Av. Du Bois de la Pie. Z.I. Paris Nord. 93290 Tremblay (Francia)	-	100	50	1,734	1,281	453	125
Dronas 2002, S.L., y sociedades dependientes (c)	Deloitte	Pol. Industrial Nordeste, c/ Energia 25-29. Sant Andreu de la Barca	100	-	21,292	123,274	86,545	36,729	5,335
T2 Gran Canaria, S.A.	Deloitte	Urbanización El Cebadal. C/ Entrerrios, 3. Las Palmas de Gran Canaria	-	100	1,657	4,794	997	3,797	1,030
T2 Opellog, S.A.	Deloitte	Poligono Industrial Nordeste. C/ Industria, 53-65. San Andreu de la Barca	-	100	3,873	11,983	8,207	3,776	1,439
Logilenia Distribuidora Farmacéutica, S.L.	Not audited	C/ Trigo, 39. Poligono Industrial Polvoranca. Leganés	-	100	410	3,009	2,598	411	53

Company	Audit Firm	Location	% of ownership By the Parent Company		Net book Value	Thousands of Euros			
						Assets	Liabilities	Equity	Profit/Loss Ejercicio
Logista Italia, S.p.A. (a)	Deloitte	Via in Arcione, 98. Roma (Italia)	100	-	605,629	1,795,134	1,723,840	71,294	37,311
Terzia, S.p.A. (a)	Deloitte	Via in Arcione, 98. Roma (Italia)	-	68	901	5,457	5,335	122	(1,202)
Logista, Transportes e Transitarios, Lda. (d)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava, Alcochete (Portugal)	100	-	-	8,590	9,356	(766)	(939)
Compañia de Distribución Integral Logista Polska, Sp Z.o.o (a)	Not audited	Al. Jerozolimskie 133, Warszawa, Polonia	100	-	-	1,403	3,869	(2,466)	(1,853)

- (a) All these companies engage in the distribution and dissemination of publications and in the distribution of tobacco and other consumer products in Spain, Italy, France and Portugal.
- (b) These companies engage in the purchase and sale of consumer products,
- (c) The Dronas Group engages in integrated shipping, express shipping and pharmaceutical logistics,
- (d) These companies' object is the performance of transport activities,
- (e) This company engages in the provision of an integrated logistics service in the organised catering network channel,
- (f) This company is specialised in software development for the management of points of sale for publications,
- (g) This group engages in the distribution of marketing, promotional and advertising material to retail networks and in the distribution of other consumer products,
- (h) This company has been proportionately consolidated,



## Appendix II

### Logista Group Associates

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

2012

Company	Audit Firm	Location	Activity	% of ownership			Net	Thousands of Euros			
				By the		Book Value		Data on the Companies			
				Parent Company				Assets	Liabilities	Equity	Profit/Loss Of the year
				Direct	Indirect						
DIMA Distribución Integral, S.L. (*)	Deloitte Patricio Moreira, Valente & Asociados	Polligono Industrial Los Olivos, C/ Confianza, 1, Getafe, Madrid	Editorial diffusion and distribution	-	20	-	-	4,052	(4,052)	(2,563)	
International News Portugal, L.D.A. (**)	SROC	Alameda dos Oceanos,, Lote 1º Lisboa	Editorial distribution and diffusion	-	20	-	2,238	-	2,238	488	
Logesta Maroc, S.A. (***)	No auditada	87 Rue Ahmed El Casablanca (Marruecos)	Transport	-	34	9	53	-	53	(50)	

(\*) Held indirectly through Compañía de Distribución Integral de Publicaciones Logista, S.L.

(\*\*) Held indirectly through Logista Publicaciones Portugal, S.A.

(\*\*\*) Held indirectly through Logesta Gestión de Transporte, S.A

Company	Audit firm	Location	Activity	% of ownership			Thousands of Euros			
				By the Parent Company		Net Book Value	Data on the Companies			Profit/Loss Of the year
				Direct	Indirect		Assets	Liabilities	Equity	
DIMA Distribución Integral, S.L. (*)	Deloitte	Polígono Industrial Los Olivos, C/	Editorial distribution and	-	15	-	893	100	793	(1,958)
International News Portugal, LDA. (**)	Patricio Moreira, Valente & Asociados SROC	Confianza, 1, Getafe, Madrid	Editorial diffusion	-	-	4	1,836	-	1,836	652
Logesta Maroc, S.A. (***)	No auditada	Alameda dos Oceanos,, Lote 1º Lisboa 87 Rue Ahmed El Casablanca (Marruecos)	Editorial diffusion Transport	-	34	9	103	-	103	(5)

(\*) Held indirectly through Comercial de Prensa SIGLO XXI, S.A,

(\*\*) Held indirectly through Logista Publicaciones Portugal, S.A,

(\*\*\*) Held indirectly through Logesta Gestión de Transporte, S.A,

## Compañía de Distribución Integral Logista, S.A.U. and Subsidiaries

Consolidated Directors' Report  
for the period ended  
30 September 2012

### 1. Business performance of the LOGISTA Group in 2012 and Group situation

The Logista Group once again demonstrated the strength of its business model and its notable resilience in the face of increasingly complicated markets, reaching revenue of EUR 5,543 million and profit from operations of EUR 104,2 million. The Group has compensated the decrease in demand, particularly in Spain and Portugal as a consequence of the difficult economic situation, through a continuous optimization in costs, business integration, increases in tariffs and incorporation of new clients and services.

The Group's financial profit reached EUR 13,2 million with an average effective interest rate being 1,62% during the year, Profit before tax of EUR 117,4 million and net profit of EUR 81,4 million were obtained,

The main measures taken by LOGISTA in 2012 in the various segments were as follows:

- ♦ The Distribution and Logistic Services segment includes the distribution of tobacco, stamps, documents and telephony, lottery products, advertising material, convenience items and pharmaceutical products, The revenues of this division totalled EUR 5,270 million and its profit from operations amounted to EUR 117,9 million,

The tobacco distribution business has demonstrated its great resistance to the negative trend in the volume of cigarettes sales. In Spain, between 1 October 2011 and 30 September 2012 the volume of cigarettes sales fell by 12,4%, while in Italy the volume of cigarettes sales decreased by 8,4%. This impact has been compensated with an increase in prices and tariffs, as well as a continuous control in costs.

The distribution and marketing operations of ONCE lottery games through Group channels has reached a significant increase in revenue due to the increase in the points of sale, as well as the incorporation of new products, offering the most complete portfolio of games in Spain (instantaneous games as well as active and passive games).

Convenience business also increased its revenue in all countries as a consequence of a higher marketing effort.

The pharmaceutical product division recorded a sizeable increase in its billings due to the ongoing addition of customers and services despite the industry's fall in revenue following the measures adopted by the government to control healthcare expenditure.

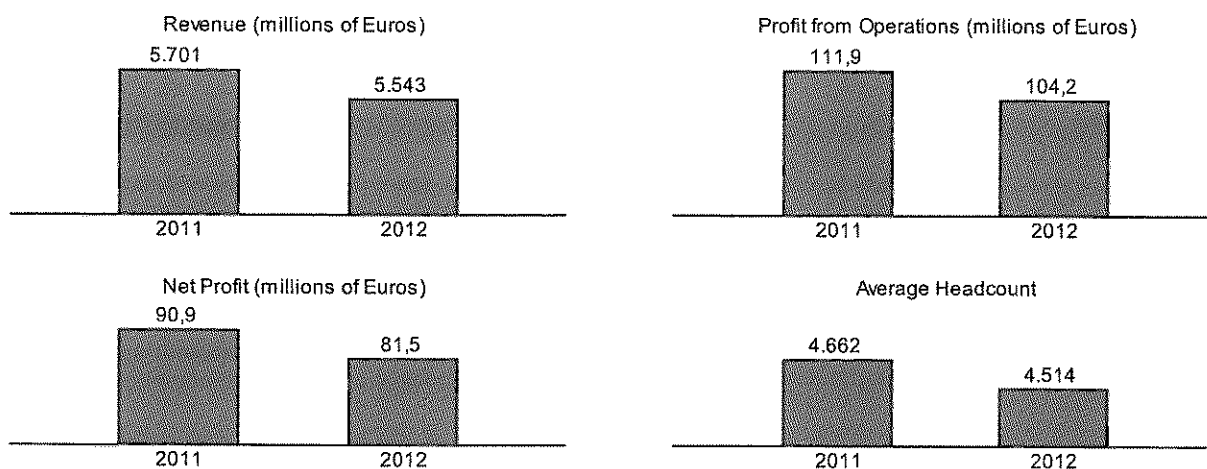
- ♦ The performance of the publishing distribution segment continued its downward trend in terms of revenue recorded in the publications sector in the previous year, Revenues of this division totalled EUR 78,4 million whereas the division recognised a loss of EUR 6,5 million from operations,

The improved productivity in the prior year enabled Logista Libros S.L. to absorb part of the impact on profit caused by the fall in revenue.

Logista Publicaciones has continued during the fiscal year with its restructuring and control costing measures, in order to mitigate the significant decrease of sales in the sector, with fewer launches of new products to the market.

- ♦ The transport division has been affected by the difficult situation of the sector, characterised by a weak demand and an aggressive pressure on prices, recognising revenues of EUR 300,3 million and profit from operations of EUR 3,1 million. The enhancement in efficiency implemented through the period has partially compensated the decrease in sales.

The main indicators for 2012 (October 2011 – September 2012) compared with the indicators for 2011 (October 2010 – September 2011) are as follows:



### Risk exposure

The main risks and uncertainties facing the Group originate from possible regulatory changes in the industries in which it operates, the normal operating risks in the course of normal business activities, which are externally insured, and counterparty risk (customers' doubtful debts), which are of scant materiality.

The Group could be equally affected by the risks arising from the adverse global economic climate and its potential impact on the markets and industries where the Group is present.

The Group complies with all requirements and has all licences, permits, etc., required to operate in the various markets and industries in which it carries on its business activity, 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 at the same time comply with the obligations imposed by the applicable legislation.

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

The Logista Group currently has the following units and committees which ensure the efficiency of the established risk controls:

- Security Committee: its function is the prevention of and protection against antisocial risks and threats against assets and persons of Logista or any of its companies.
- Environment and Quality Committee: it establishes the action policy regarding the action to be taken by the various business units of the Logista Group in all matters relating to its commitment to the environment and quality commitment, and promotes the implementation of and compliance with the principles of conduct by issuing internal corporate regulations.
- Administrative Management - Insurance: the Administrative Department is responsible for analysing the accident risks which may affect both the Logista Group's assets and the performance of its business activities and, based on these risks, it arranges the external insurance coverage it deems necessary, to which end it has an external advisory services agreement.

Moreover, this Department has been entrusted with the protection of the Group's assets and ensuring the reliability of financial reporting.

- Cash Department - Financial Risk and Credit: its functions are to limit and control the financial risks arising from business dealings with third parties, to establish the related credit limits, where necessary, and to set a policy concerning allowances for doubtful debts.
- Internal Audit Department: the Internal Audit Department of the Logista Group is responsible for providing support to the Audit Committee in complying with its duties and responsibilities, furnishing it with objective analyses, assessments and recommendations in accordance with the established work plan. Specifically, the main activities to be performed are as follows:
  - Participate in monitoring of external audit work, including the related planning, quality, independence and general business terms.
  - Assist in the review of the Group's financial information, particularly in unaudited periods.
  - Guarantee an appropriate internal control system and information systems, identify the possible improvements therein and promote their implementation.
  - Identify risks and assess the associated controls, mainly through the performance of an annual audit plan.
  - Provide technical support to Group management on financial and accounting matters when required.

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

The management of the risks to which the Logista Group is exposed in the performance of its business activities constitutes one of the basic pillars of its activities aimed at preserving the value of the Group's assets and, therefore, the value of the shareholders' investments. Through the Group's global risk management approach, the risk management system is structured and defined to achieve the strategic and operating objectives. The risk control system is controlled and supervised by the Audit and Control Committee of the Board of Directors, which delegates these functions to the internal audit function.

The main objectives of the Group's Financial Department is to preserve the value of the Group's assets in all the business units and all the countries in which it operates (mainly Spain, Italy, Portugal and Poland) by analysing and preventing risk, and optimising management of the main losses.

Historically, the rates of default in all geographical areas in which the Group operates are maintained at very low levels.

As regards the exposure to interest rate risks, in view of the low level of the Group's financial debt, Parent Company management considers that the impact of a potential increase in interest rates on the accompanying consolidated financial statements would not be material.

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

## Environment

In matters concerning the environment, the Group complies strictly with all the requirements of applicable legislation and also looks for the best ways of reducing its environmental impact (waste reduction awareness campaigns and improvement of waste management; policies aimed at reducing atmospheric emissions and the

use of water, electricity and paper; reduction of the use of containers and packaging by improving manufacturing processes, etc.).

In 2012, the Group implemented various initiatives in this connection, effort that has been reflected in the punctuation given to the Parent Company by the "Carbon Disclosure Project", an international benchmark project in the fight against climate change. The Parent Company has been rated as 82/100 and B performance, practically in every item measured, highly over the European average (48/100 – D) and reaching the level established by the worldwide leader companies.

In addition the Company has performed a great effort destined to the design of a Corporate Environment Management System, supported on a centralized data base, which would allow both to optimize the management and use of resources consumed by the premises, and calculate the carbonic mark at a product/ service level to the clients.

## **2. Significant events for the Group after the consolidated balance sheet date**

On 9 October 2012, the Logistics Group has acquired ADF Group, logistics operator specialized in distribution of tobacco and telephonie, food and stationary products in France.

## **3. Group outlook**

In 2013 the Logista Group will continue its policy of organic development, concentrating its efforts on the more profitable activities and businesses and/or with the highest growth potential, The Group's development and leadership position in strategic niche industries in Southern Europe will also be consolidated through selective transactions and alliances in new businesses, bolstered by experience and service quality in the distribution channels in which the Logista Group operates on a recurrent basis,

The Group's main lines of action for 2012/2013 are as follows:

- Considerable increase in commercial activity in the less mature businesses (pharmaceutical division, convenience, lottery, etc.)
- Integration between the different businesses in order to enhance the efficiency and flexibility in an environment that will probably be characterised by a persistent weak demand.
- Adaptation of the Publications business structure to the difficult situation of the market.

## **4. Research and development**

In 2012 the Parent Company invested EUR 2,2 million in research and development. These investments were made mainly to adapt new businesses, automate processes and develop proprietary computer software.

## **5. Treasury shares**

At 30 September 2012, the Group did not hold any treasury shares.

## **6. Use of financial instruments**

Neither the Parent Company nor the Group of consolidated companies operate with any financial instruments that might affect the correct measurement of the assets or liabilities recognised in the consolidated balance sheet.

Certificate issued to attest that the undersigned members of the Board of Directors of Compañía de Distribución Integral Logista, S.A, (Sole-Shareholder Company) are apprised of the contents of these consolidated financial statements and Directors' report which were authorised for issue at the Board of Directors' meeting on 19 December 2012 and are set forth on 67 sheets, on the obverse only, all of which are signed by the Chairman and Secretary of the Board of Directors, who in witness whereof, have signed below:

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Mr, Gregorio Marañón y Bertrán de Lis  
CEO

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Mr, Luis Egido Gálvez  
Chairman

---

Mr, José Riva Francos  
Chairman

---

Mr, Miguel Ángel Barroso Ayats  
Chairman

---

Mr, Eduardo Zaplana  
Chairman

---

Ms, Alison Cooper  
Chairman

---

Mr, Kenneth Hill  
Chairman

---

Mr, David Ian Resnekov  
Chairman

---

Mr, Conrad Richardson Tate  
Chairman

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Mr, Rafael de Juan López  
Chairman and Secretary of the Board

Madrid, 19 December 2012