Compañía de Distribución Integral Logista, S.A. (Sole-Shareholder Company)

Financial Statements for the year ended 30 September 2012 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 financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Sole-Shareholder of
Compañía de Distribución Integral Logista, S.A. (Sole-Shareholder Company):

We have audited the financial statements of Compañía de Distribución Integral Logista, S.A. (Sole-Shareholder Company) comprising the balance sheet at 30 September 2012 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The Directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 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 financial statements for the year ended 30 September 2012 present fairly, in all material respects, the equity and financial position of Compañía de Distribución Integral Logista, S.A. (Sole-Shareholder Company) and the results of its operations and its cash flows for the year then ended, in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

The accompanying Directors' Report for 2012 contains the explanations which the Directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the Directors' report is consistent with that contained in the financial statements for 2012. Our work as auditors was confined to checking the Directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Luis de la Mora

January 22, 2013

Deloitte S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
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Member of Deloitte Touche Tohmatsu

Compañía de Distribución Integral Logista, S.A. (Sole-Shareholder Company)

Financial Statements for the year ended 30 September 2012 and Directors' 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 financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, S,A, (SOLE-SHAREHOLDER COMPANY)

BALANCE SHEET AT 30 SEPTEMBER 2012

(Thousands of Euros)

ASSETS	Notes	2012	2011	EQUITY AND LIABILITIES	Notes	2012	2011
NON-CURRENT ASSETS:		809,844	820,717	EQUITY:	Note 10	2,886,876	262,515
Intangible assets-	Note 5	13,035	13,708	*SHAREHOLDERS' EQUITY:*		287,876	262,515
Computer software		13,035	13,708	**Share capital-**		26,550	26,550
Property, plant and equipment-	Note 6.1	111,386	112,845	Registered share capital		26,550	26,550
Land and buildings		56,744	58,594	**Share premium**		178,814	178,814
Plant and machinery		5,131	6,621	**Reserves-**		6,876	6,845
Other fixtures, tools and furniture		14,915	16,700	Legal and bylaw reserves		5,902	5,902
Other items of property, plant and equipment		15,134	18,558	Other reserves		974	943
Property, plant and equipment in the course of construction		19,462	12,372	**Profit for the period**		74,636	50,306
Investment property	Note 6.2	509	520				
Non-current investments in Group companies and associates-	Note 8.2	663,521	671,737	NON-CURRENT LIABILITIES:		186,343	180,139
Equity instruments	Note 8.2.1	638,821	638,137	**Long-term provisions-**	Note 11.1	126,836	122,114
Loans to companies	Note 8.2.2	24,700	33,600	Provisions for long-term employee benefit obligations		8,004	6,409
Non-current financial assets	Note 8.1	900	1,090	Other provisions		118,832	115,705
Deferred tax assets	Note 12.5	20,493	20,817	**Non-current payables-**		436	992
				Other financial liabilities		436	992
CURRENT ASSETS:		1,905,504	1,945,626	**Payables to Group companies and associates**		257	257
Inventories-	Note 9	326,899	433,761	**Deferred tax liabilities**	Note 12.6	58,468	56,776
Goods held for resale		326,822	433,716	**Deferred income**		346	-
Advances to suppliers		77	45				
Trade and other receivables-		381,962	351,101				
Trade receivables for sales and services		357,481	330,003	CURRENT LIABILITIES:		2,242,129	2,323,689
Receivable from Group companies and associates	Note 15.1	19,315	17,363	**Short-term provisions**	Note 11.1	4,230	8,863
Sundry accounts receivable		4,425	2,647	**Other current financial liabilities**	Note 8.4	22,394	15,928
Other accounts receivable from public authorities	Note 12.1	741	1,088	**Payables to Group companies and associates**	Notes 8.3 and 15.1	1,041,248	1,109,468
Current investments in Group companies and associates-	Notes 8.3 and 15.1	1,158,701	1,133,431	**Trade and other payables-**		1,173,792	1,187,904
Loans to companies		1,158,701	1,133,431	Payable to suppliers		247,467	167,345
Current financial assets-		23,525	16,351	Payable to suppliers - Group companies and associates	Note 15.1	90,046	70,669
Loans to companies		23,211	16,052	Sundry accounts payable		20,057	50,134
Other financial assets	Note 8.4	314	299	Remuneration payable		8,427	9,382
Current prepayments and accrued income		3,413	1,911	Current tax liabilities and other debts with public authorities	Note 12.1	807,789	890,368
Cash and cash equivalents-		11,004	9,071	Customer advances		6	6
Cash		11,004	9,071	**Current accruals and deferred income**		465	1,526
TOTAL ASSETS		2,715,348	2,766,343	TOTAL EQUITY AND LIABILITIES		2,715,348	2,766,343

The accompanying Notes 1 to 20 are an integral part of the balance sheet at 30 September 2012.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, S.A. (SOLE-SHAREHOLDER COMPANY)

INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2012

(Thousands of Euros)

	Notes	2012	2011
Revenue:	**Note 14.1**	**1,908,678**	**1,920,056**
Sales		1,878,540	1,884,814
Services		30,138	35,242
In-house work on non current assets	**Note 6.1**	**1,649**	**1,222**
Procurements:	**Note 14.2**	**(1,642,610)**	**(1,656,950)**
Cost of goods held for resale used		(1,636,443)	(1,655,483)
Impairment of goods held for resale	**Note 9**	(6,167)	(1,467)
Staff costs:	**Note 14.3**	**(70,178)**	**(68,002)**
Wages, salaries and similar expenses		(53,709)	(52,196)
Employee benefit costs		(16,469)	(15,806)
Other operating expenses:		**(124,714)**	**(132,988)**
Outside services	**Note 14.4**	(119,029)	(128,918)
Taxes other than income tax		(800)	(902)
Losses on, impairment of and change in allowances for trade receivables	**Note 8.5**	(3,556)	(3,119)
Other current operating expenses		(1,329)	(49)
Depreciation and amortisation charge	**Notes 5 and 6**	**(15,712)**	**(14,299)**
Impairment and gains or losses on disposals of non-current assets	**Note 6.1**	**(105)**	**22**
Other Results		**(18)**	**2,618**
PROFIT FROM OPERATIONS		**56,990**	**51,679**
Finance income:		**73,785**	**66,720**
From investments in equity instruments-	**Note 15.2**	*42,500*	*32,499*
Group companies and associates		42,500	32,499
From marketable securities and other financial instruments-		*31,285*	*34,221*
Group companies and associates	**Note 15.2**	31,285	32,628
Third parties		-	1,593
Finance costs-		**(31,416)**	**(30,376)**
On debts to Group companies and associates	**Note 15.2**	(21,817)	(21,169)
On debts to third parties		(4,787)	(4,012)
On provisions update	**Note 11**	(4,812)	(5,195)
Exchange differences		**(1)**	**-**
Impairment and gains or losses on disposals of financial instruments-	**Notes 8.2, 8.3 and 11**	**(8,110)**	**(26,196)**
Impairment and other losses		(8,110)	(26,196)
FINANCIAL PROFIT		**34,258**	**10,148**
PROFIT BEFORE TAX		**91,248**	**61,827**
Income tax	**Notes 12.3 and 12.4**	(16,612)	(11,521)
PROFIT FOR THE YEAR		**74,636**	**50,306**

The accompanying Notes 1 to 20 are an integral part of the 2012 income statement.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, S.A. (SOLE-SHAREHOLDER COMPANY)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2012

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Thousands of Euros)

	2012	2011
PROFIT PER INCOME STATEMENT (I)	**74,636**	**50,306**
Income and expense recognised directly in equity (Note 11)	(1,600)	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	(1,600)	-
Transfers to profit or loss	-	-
TOTAL TRANSFERS TO PROFIT OR LOSS (III)	-	-
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)	**73,036**	**50,306**

The accompanying Notes 1 to 20 are an integral part of the 2012 statement of recognised income and expense.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, S.A. (SOLE-SHAREHOLDER COMPANY)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2012

B) STATEMENT OF CHANGES IN TOTAL EQUITY

(Thousands of Euros)

	Share Capital	Share Premium	Reserves	Profit for the Period	Total
ADJUSTED BALANCE AT BEGINNING OF 2010	26,550	178,814	200,862	43,605	449,831
Total recognised income and expense	-	-	-	*50,306*	*50,306*
Transactions with shareholders:					
Distribution of 2010 profit-					-
To reserves	-	-	*240*	*(240)*	-
Dividends (Note 10.3)	-	-	-	*(43,365)*	*(43,365)*
Dividends paid out of reserves (Note 10.3)	-	-	*(194,257)*	-	*(194,257)*
2011 ENDING BALANCE	**26,550**	**178,814**	**6,845**	**50,306**	**262,515**
Total recognised income and expense	-	-	***(1,600)***	***74,636***	**73,036**
Transactions with shareholders:					
Distribution of 2011 profit-					
To reserves	-	-	*1,631*	*(1,631)*	-
Dividends (Note 10.3)	-	-	-	*(48,675)*	(48,675)
2012 ENDING BALANCE	**26,550**	**178,814**	**6,876**	**24,330**	**286,876**

The accompanying Notes 1 to 20 are an integral part of the 2012 statement of changes in total equity.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, S.A. (SOLE-SHAREHOLDER COMPANY)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2012

(Thousands of Euros)

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		156,996	36,188
Profit for the year before tax		91,248	61,827
Adjustments for		*(1,446)*	*9,326*
Depreciation and amortisation charge	Notes 5 and 6	15,712	14,299
Impairment losses	Notes 8.2, 8.3 and 11	8,110	26,196
Net impairment losses on stock	Note 9	6,167	1,467
Net impairment losses on trade receivables	Note 8.5	3,556	3,119
Changes in provisions		7,273	933
Results of fixed assets disposals	Note 6	105	(22)
Finance income		(73,785)	(66,720)
Finance costs		31,416	30,376
Exchange differences		1	-
Other income and expenses		(1)	(322)
Changes in working capital		*23,966*	*(76,485)*
Inventories		100,695	(118,623)
Trade and other receivables		(34,417)	74,329
Other current assets		(1,502)	(45)
Trade and other payables		(26,304)	(31,857)
Other current liabilities		(11,585)	(1,409)
Other non-current assets and liabilities		(2,921)	1,120
Other cash flows from operating activities		*43,228*	*41,520*
Interest paid		(26,604)	(23,816)
Dividends received	Note 15.2	42,500	32,499
Interest received		31,285	32,856
Income tax recovered (paid)		(3,953)	(19)
CASH FLOWS FROM INVESTING ACTIVITIES:		(44,062)	83,030
Payments due to investment		*(53,152)*	*(37,663)*
Group companies and associates	Notes 8.2 and 15.1	(32,304)	(1,974)
Other financial assets	Note 8.4	(7,174)	(15,335)
Intangible assets	Note 5	(1,451)	(915)
Property, plant and equipment	Note 6	(12,223)	(19,439)
Proceeds from disposal		*9,090*	*120,693*
Group companies and associates	Note 8.2 and 8.3	8,900	120,371
Property, plant and equipment	Note 6.1	-	322
Other financial assets	Note 8.1	190	-
CASH FLOWS FROM FINANCING ACTIVITIES:		(111,001)	(117,370)
Proceeds and payments relating to financial liability instruments		*(62,326)*	*120,252*
Proceeds from issue of borrowings from Group companies and associates		-	120,811
Proceeds from issue of other borrowings		6,466	13
Repayment and amortization of borrowings from Group companies and associates		(68,220)	-
Repayment and amortization of other borrowings		(572)	(572)
Dividends and returns on other equity instruments paid-		*(48,675)*	*(237,622)*
Dividends	Note 10.3	(48,675)	(237,622)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		1,933	1,848
Cash and cash equivalents at beginning of year		9,071	7,223
Cash and cash equivalents at end of year		11,004	9,071

The accompanying Notes 1 to 20 are an integral part of the 2012 statement of cash flows.

Compañía de Distribución Integral Logista, S.A. (Sole-Shareholder Company)

Notes to the Financial Statements for the year ended 30 September 2012

1. Company activities

Compañía de Distribución Integral Logista, S.A. (Sole-Shareholder Company), 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 (see Note 4.2).

The Company's registered office is at Polígono Industrial Polvoranca, calle Trigo, número 39, Leganés (Madrid), and its present company object includes the following activities:

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.

The business activities composing the company object may also be carried on by Compañía de Distribución Integral Logista, S.A.U. fully or partially, directly or indirectly, through the ownership of shares in companies with the same or a similar company object.

On 29 September 2005, the Company's Board of Directors approved the unbundling of the publication and book distribution businesses and, on 30 December 2005, it formed two companies, with the business names of Compañía de Distribución Integral de Publicaciones Logista, S.L. and Logista Libros, S.L., to which each of these business lines were contributed.

On 13 August 2008, the Company was registered at the Mercantile Registry as a Sole-Shareholder company, the Sole-Shareholder of which is Altadis, S.A.U. (see Note 10).

The Company is the head of a group of subsidiaries, and as such prepares separately consolidated financial statements under IFRSs. The consolidated financial statements of the Logista Group ("the Group") for 2012 have been formally prepared by the Company's Directors at the Board of Directors Meeting held on 19 December 2012. The consolidated financial statements for 2011 were approved by the Company's Sole-Shareholder on 27 March 2011, and were filed at the Mercantile Registry of Madrid.

The consolidated financial statements, in comparison with these separate financial statements, reflect an increase in assets, reserves, revenue and profit of EUR 978,841 thousand, EUR 151,632 thousand, EUR 3,634,640 thousand and EUR 7,550 thousand, respectively (EUR 1,036,219 thousand, EUR 103,841 thousand, EUR 3,780,977 thousand and EUR 41,562 thousand, respectively, in 2011). However, this effect also includes the impact of applying IFRSs in the consolidated financial statements.

2. Basis of presentation of the financial statements

2.1 Regulatory financial reporting framework applicable to the Company

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

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) All other applicable Spanish accounting legislation.

2. 2 Fair presentation

The financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for the corresponding period. These financial statements, which were formally prepared by the Company's Directors, will be submitted for approval by the Sole-Shareholder, and it is considered that they will be approved without any changes. The financial statements for 2011 were approved by the Sole-Shareholder on 27 March 2012.

2.3 Accounting principles applied

The Directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon.

2.4 Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying financial statements estimates were made by the Company'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 assumptions used in the actuarial calculation of pension and other obligations to employees (see Note 4.12)
- The useful life of property, plant and equipment and intangible assets (see Notes 4.1, 4.2 and 4.3)
- The estimate of possible impairment losses on certain assets (see Note 4.2).
- The calculation of provisions for contingencies (see Note 4.10)
- The calculation of allowances for financial assets (see Note 4.5.1)

Although these estimates were made on the basis of the best information available at 2012 year-end, events that cannot currently be foreseen might make it necessary to change these estimates (upwards or downwards) in the future.

2.5 Comparative information

The information included in these notes to the financial statements for 2011 is presented for comparison purposes with that relating to 2012.

2.6 Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

3. Distribution of profit

The proposed distribution of 2012 profit (EUR 74,636 thousand) that the Company's Directors will submit for approval by its Sole-Shareholder consists of a payment out of profit for the year of a dividend of EUR 1.68 per share and the assignment of the remainder of the profit obtained in the year to increase the "Voluntary Reserves" balance, the detail being as follows:

	Thousands of Euros
To voluntary reserves	296
Dividends	74,340
Total	**74,636**

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for 2012, in accordance with the Spanish National Chart of Accounts, were as follows:

4.1 Intangible assets

Intangible assets relate to computer software and are measured at the costs incurred in the acquisition and development of computer programs, including website development costs. Computer software maintenance costs are recognised with a charge to the income statement for the period in which they are incurred. Computer software is amortised on a straight-line basis over an estimated useful life of between three and five years, depending on the characteristics of the programs.

4.2 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition or production cost and are subsequently reduced by the related accumulated depreciation and by any impairment losses recognised. The acquisition cost of items acquired as a result of asset contributions is deemed to be the market value of these assets determined by independent experts at the date of the contribution.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of 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 Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

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

<u>Impairment of intangible assets and property, plant and equipment</u>

The Company assesses each year the possible existence of 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.

For the purposes of this impairment test, recoverable amount is the higher of fair value less the estimated costs to sell the asset and its value in use. Value in use is calculated based on estimated future cash flows, discounted at a rate that reflects the time value of money and the risks specifically associated with the asset. Fair value is the amount obtainable from the disposal of the asset concerned in an arm's length transaction and is determined based on market information, external transactions, etc.

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 corresponding 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.

The aforementioned analysis did not bring to light any signs of impairment of property, plant and equipment or intangible assets that would have required the recognition of an impairment loss.

4.3 Investment property

"Investment Property" in the balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

Investment property is measured as described in Note 4.2 on property, plant and equipment.

4.4 Leases

The Company has entered into various leases under which it uses assets or transfers the use of certain types of assets. Since the corresponding leases do not transfer to the Company the rights and risks incidental to ownership of these assets, they were classified as operating leases.

In cases where the Company acts as lessor, lease income from operating leases is credited to the income statement in the year in which it is obtained. Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset.

In cases where the Company acts as lessee, expenses resulting from operating leases are charged to income in the year in which they are incurred.

The annual cost of operating leases is calculated by distributing the sum of all the pre-established payments i.e. not subject to unknown variables at the date the lease was arranged, on a straight-line basis over the lease term.

4.5 Financial instruments

4.5.1 Financial assets

Trade receivables, loans and other accounts receivable

Trade and other receivables are stated at nominal value, considered to be equal to their fair value.

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

Guarantees and deposits are measured at the amounts paid.

The valuation adjustments relating to trade and other receivables and loans are determined individually on the basis of the solvency of the debtor and the age of the debt.

Equity investments in Group companies, jointly controlled entities and associates

Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other venturers.

These investments are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment.

At each reporting date the Company carries out impairment tests if its investees present recurring losses.

Cash and cash equivalents

Cash includes both cash and demand deposits. The other cash equivalents are short-term investments with a maturity of under three months, which are not exposed to any significant risk of changes in their value.

The Company derecognises a financial asset when it matures and collection is made or when the rights to the future cash flows have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

4.5.2 Financial liabilities

Trade payables, loans received and other accounts payable are initially recognised at fair value, which generally coincides with their nominal value, reduced by transaction costs, and are subsequently measured at amortised cost.

4.5.3 Equity instruments

Capital instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

4.6 Inventories

In general, inventories are measured at the lower of the price of the most recent invoice, which does not differ significantly from applying the FIFO formula (first-in, first-out), including the excise duty chargeable on inventory items yet to be sold in accordance with the Spanish Law, and net realisable value.

Net realisable value is the estimated selling price less the costs of marketing, selling and distribution.

The Company recognises the appropriate write-downs as an expense in the income statement when the net realisable value of the inventories is lower than acquisition cost.

4.7 Transactions in currencies other than the euro

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

4.8 Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

In general, deferred tax liabilities are recognised for all taxable temporary differences. However, deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

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.

The Company has the tax authorities' permission to file consolidated income tax and VAT returns, since it forms part of a consolidated tax Group, the Parent of which is its Sole-Shareholder, Altadis, S.A.U.

4.9 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.

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer.

In purchase and sale transactions on which the Company receives commission, regardless of the legal form of such transactions, only commission income is recognised. Distribution and sales commissions are recognised in revenue. The Company recognises income and expenses on transactions involving products held on a commission basis (mainly stamps and certain tobacco 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 Sole-Shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income.

4.10 Provisions and contingencies

When preparing the financial statements the Company's Directors made a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The financial statements at 30 September 2012 include all the provisions with respect to which it is considered likely that the obligation will have to be settled. Contingent liabilities are not always recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

4.11 Termination benefits

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

The accompanying balance sheet at 30 September 2012 includes the provisions that the Directors considered to be necessary to cater for the labour force restructuring plans in progress at year-end (see Notes11.1 and 11.4).

4.12 Pension and other obligations to employees

The Company is obliged to supplement the social security benefits received by certain employee groups, mainly in the event of retirement, disability or death.

In general, the obligations acquired are defined contribution obligations and are externalised through external pension plans and insurance contracts. The contributions made by the Company, amounting to EUR 2,653 thousand and EUR 2,498 thousand in 2012 and 2011, respectively, are recognised under "Staff Costs" in the income statement (see Note 14.3).

Under the collective agreements currently in force, the 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, as a result of the court decision concerning the "free tobacco" benefit and the subsequent signing of the current collective labour agreement, the Company is obliged to make fixed monthly payments to a certain group of current employees and employees who retired prior to 1 January 2009. To cover its obligations to its retired employees in relation to the free tobacco benefit and the payment of the long-service bonuses, the Company recognised provisions 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 11.3).

On 25 June 2008, the Company'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 indicators related to operations.

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

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

The Company 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 income statement for 2012 includes EUR 1,966 thousand in this connection (2011: EUR 1,444 thousand).

4.13 Joint ventures

The Company accounts for investments in unincorporated temporary joint ventures (UTEs) by recognising in its 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 income statement its share of the income earned and expenses incurred by the joint venture. In addition, the proportional part corresponding to the Company of the related items of the joint venture is included in the statement of changes in equity and the statement of cash flows.

4.14 Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.15 Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Company's business activities do not have a significant environmental impact.

5. Intangible assets

The changes in "Intangible Assets" in the balance sheet in 2012 and 2011 were as follows:

2012

	Thousands of Euros			
	Balance at 30/09/11	Additions or Charge for the Year	Transfers (Note 6.1)	Balance at 30/09/12
Cost:				
Computer software	57,950	1,451	2,592	61,993
	57,950	1,451	2,592	61,993
Accumulated amortisation:				
Computer software	(44,242)	(4,716)	-	(48,958)
	(44,242)	(4,716)	-	(48,958)
Intangible assets, net	**13,708**	**(3,265)**	**2,592**	**13,035**

The transfers relate to software enhancements and new developments that were transferred from "Property, Plant and Equipment" (see Note 6.1).

2011

	Thousands of Euros			
	Balance at 30/09/10	Additions or Charge for the Year	Transfers (Note 6.1)	Balance at 30/09/11
Cost:				
Computer software	50,227	915	6,808	57,950
	50,227	915	6,808	57,950
Accumulated amortisation:				
Computer software	(40,086)	(4,156)	-	(44,242)
	(40,086)	(4,156)	-	(44,242)
Intangible assets, net	**10,141**	**(3,241)**	**6,808**	**13,708**

At the end of 2012 and 2011 the Company had fully amortised intangible assets amounting to EUR 37,445 thousand and EUR 33,000 thousand, respectively.

At the end of 2012 the Company had firm computer software purchase commitments amounting to EUR 1,947 thousand (end of 2011: EUR 2,455 thousand). These purchases will be financed with funds generated by the Company's activities.

6. Property, plant and equipment and investment property

6.1 Property, plant and equipment

The changes in "Property, Plant and Equipment" in the balance sheet in 2012 and 2011, and the most significant information affecting this heading were as follows:

2012

	Thousands of Euros				
	Balance at 30/09/11	Additions or Charge for the Year	Disposals	Transfers (Note 5)	Balance at 30/09/12
Cost:					
Land and buildings	106,389	-	-	281	106,670
Plant and machinery	27,285	32	(61)	(365)	26,891
Other fixtures, tools and furniture	42,442	125	(58)	1,198	43,707
Other items of property, plant and equipment	51,132	587	(225)	683	52,177
Property, plant and equipment in the course of construction	12,372	11,479	-	(4,389)	19,462
	239,620	12,223	(344)	(2,592)	248,907
Accumulated depreciation:					
Buildings	(47,795)	(2,131)	-	-	(49,926)
Plant and machinery	(20,664)	(1,157)	61	-	(21,760)
Other fixtures, tools and furniture	(25,742)	(3,106)	56	-	(28,792)
Other items of property, plant and equipment	(32,574)	(4,591)	122	-	(37,043)
	(126,775)	(10,985)	239	-	(137,521)
Property, plant and equipment, net	**112,845**	**1,238**	**(105)**	**(2,592)**	**111,386**

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 Company's warehouses, as part of the Company's ordinary business.

The transfers in 2012 relate mainly to the reclassification of various computer software items that entered into use in 2012 from "Property, plant and equipment in the course of construction" to "Intangible Assets".

In 2012 the Company disposed of partially depreciated items of property, plant and equipment amounting to EUR 105 thousand. The loss arisen from this operation has been recorded in the caption "Impairment and gains or losses on disposals of non-current assets" in the accompanying Income statement.

2011

	Thousands of Euros				
	Balance at 30/09/10	Additions or Charge for the Year	Disposals	Transfers (Note 5)	Balance at 30/09/11
Cost:					
Land and buildings	105,874	301	-	214	106,389
Plant and machinery	25,293	81	(185)	2,096	27,285
Other fixtures, tools and furniture	41,850	183	(112)	521	42,442
Other items of property, plant and equipment	43,434	2,592	(25)	5,131	51,132
Property, plant and equipment in the course of construction	10,860	16,282	-	(14,770)	12,372
	227,311	19,439	(322)	(6,808)	239,620
Accumulated depreciation:					
Buildings	(45,673)	(2,122)	-	-	(47,795)
Plant and machinery	(19,765)	(1,084)	185	-	(20,664)
Other fixtures, tools and furniture	(22,868)	(2,986)	112	-	(25,742)
Other items of property, plant and equipment	(28,662)	(3,937)	25	-	(32,574)
	(116,968)	(10,129)	322	-	(126,775)
Property, plant and equipment, net	**110,343**	**9,310**	-	**(6,808)**	**112,845**

The detail of the value of the land and buildings relating to the properties owned by the Company at the end of 2012 and 2011 is as follows:

Property	Thousands of Euros	
	2012	2011
Land	25,476	25,476
Buildings	81,194	80,913
Total	**106,670**	**106,389**

The detail of the property, plant and equipment located outside Spain (at the Portugal branch) at 30 September 2012 and 2011 is as follows:

	Thousands of Euros			
	2012		2011	
	Gross Carrying Amount	Accumulated Depreciation	Gross Carrying Amount	Accumulated Depreciation
Land and buildings	4,749	(1,614)	4,749	(1,473)
Other fixtures, tools and furniture	3,047	(2,260)	2,996	(2,056)
Other items of property, plant and equipment	1,243	(1,226)	1,187	(1,165)
Total	**9,039**	**(5,100)**	**8,932**	**(4,694)**

At the end of 2012 and 2011 the Company had fully depreciated items of property, plant and equipment, the detail being as follows:

	Thousands of Euros	
	Gross Carrying Amount	
	2012	2011
Buildings	26,265	25,217
Plant and machinery	14,771	14,758
Other fixtures, tools and furniture	10,143	10,030
Other items of property, plant and equipment	18,956	16,560
Total	**70,135**	**66,565**

At the end of 2012 the Company 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 Company's Directors have begun to take steps to ensure that the municipal authority meets its commitments.

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. The Company's Directors consider that the coverage of these insurance policies is sufficient.

At the end of 2012 the Company had firm fixed assets purchase commitments amounting to EUR 8,899 thousand (end of 2011: EUR 12,307 thousand). These purchases will be financed with funds generated by the Company's activities.

6.2. Investment property

The Company's investment property relates to land and buildings located in Málaga (EUR 417 thousand) and Barcelona (EUR 92 thousand) not used in commercial operations, the sale of which is expected to give rise to gains, although there are no plans to sell them in the short term.

The 2012 investment property depreciation charge amounted to EUR 11 thousand (2011: EUR 14 thousand).

7. Leases

7.1. Operating lease expenses

As lessee the most significant lease entered into by the Company relates to an industrial building complex in Cabanillas del Campo (Guadalajara) which, in turn, has been partially subleased to the Group company Logista Libros, S.L. The lease commenced on 2 June 2008 and expires on 31 December 2015 and is automatically renewable for a further three five-year periods until 30 December 2030, except in case of explicit resign by any of the parties. The rent is reviewed annually in line with the CPI and gave rise to an expense of EUR 3,334 in 2012 (2011: EUR 3,286 thousand). In 2012 the related sublease gave rise to income of EUR 2,803 thousand (2011: EUR 2,720 thousand).

The amount of the lease and sublease payments recognised as an expense and as income, respectively, in 2012 and 2011 was as follows:

	Thousands of Euros	
	2012	2011
Lease payments accrued (Note 14.4)	9,842	11,357
(Sublease payments)	(2,936)	(3,005)
Total, net	**6,906**	**8,352**

The Company has the following future rental payment commitments, classified by year of maturity, without considering future contingent rent revisions.

Minimum Operating Lease Payments	Thousands of Euros	
	Nominal Value	
	2012	2011
Within one year	8,107	8,795
Between one and five years	13,214	17,879
Total	**21,321**	**26,674**

7.2. Income from operating leases

The rents recognised as income in 2012 and 2011 amounted to EUR 3,223 thousand and EUR 3,817 thousand, respectively (included the mentioned in Note 7.1).

As lessor, at the end of 2012 and 2011 the Company had entered into lease agreements which generate future collection rights on the following lease payments without considering increases in the CPI or other contractual lease payment revisions:

Minimum Operating Lease Payments	Thousands of Euros	
	Nominal Value	
	2012	2011
Within one year	2,803	3,156
Between one and five years	-	265
Total	**2,803**	**3,421**

8. Financial assets (non-current and current)

8.1 Non-current financial assets

The balance of "Non-Current Financial Assets" at the end of 2012 and 2011 includes mainly guarantees and deposits given to secure compliance with contractual obligations to third parties.

8.2 Non-current investments in Group companies and associates

The detail of "Non-Current Investments in Group Companies and Associates" at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Equity instruments	638,821	638,137
Loans to companies	24,700	33,600
Total	**663,521**	**671,737**

8.2.1. Equity instruments

The most significant information in relation to Group Companies and Associates at 2012 and 2011 year-end is as follows:

2012

Company	Location	% of ownership		Thousands of Euros									
				Data on the companies						Carrying Amount			
					Profit (Loss) for the year								
		Direct	Indirect	Share Capital	Profit (Loss) from operations	Profit (Loss) for the year	Reserves and others	Total Equity	Dividends received (Note 15.2)	Cost	Impairment Loss Recognised in the Year	Accumulated Impairment	Long term Provision (Note 11)
MIDSID (Sociedade Portuguesa de Distribuiçao, SGPS, S.A.)	Alcochete (Portugal)	100	-	844	(107)	(1,494)	3,108	2,458	-	4,166	(350)	(1,709)	-
Logista-Dis, S.A.	Madrid	100	-	902	3,155	2,235	732	3,869	2,500	1,202	-	-	-
Dronas 2002, S.L.	Barcelona	100	-	12,562	6,180	4,868	22,167	39,597	2,000	21,292	-	-	-
Logista France, S.A.	Tremblay (France)	100	-	11,108	773	1,276	(17,790)	(5,406)	-	10,989	-	(10,989)	-
Logista Tptes. e Transitarios, Lda.	Sintra (Portugal)	100	-	50	(1,065)	(1,372)	-	(1,322)	-	14,807	-	(14,411)	(1,234)
Logesta Gestión de Transportes, S.A.	Madrid	100	-	1,000	1,705	2,252	3,633	6,885	1,000	4,510	-	-	-
Logista Italia, S.p.A	Roma (Italy)	100	-	15,164	53,937	48,519	19,538	83,221	37,000	605,629	-	-	-
La Mancha 2000, S.A.	Madrid	100	-	1,352	92	157	821	2,330	-	1,352	-	-	-
Logesta Polska Sp. Z.o.o.	Varsovia (Poland)	49	51 (**)	226	538	449	(653)	22	-	128	-	-	(199)
Distribuidora del Noroeste, S.L.	Vigo	49	51 (*)	307	87	54	541	902	-	271	-	-	(1,540)
Compañía de Distribución Integral de Publicaciones Logista, S.L.	Madrid	100	-	1,100	(1,888)	(6,756)	7,761	2,105	-	6,094	(6,000)	(6,000)	-
Logista Libros, S.L.	Madrid	50	-	500	1,599	902	1,708	3,110	-	1,490	-	-	-
Compañía de Distribución Integral Logista Poslka, Sp.Z.o.o.	Varsovia (Poland)	100	-	271	(754)	(814)	(2,635)	(3,178)	-	5,261	-	(5,261)	(3,044)
										677,191	(6,350)	(38,370)	(6,017)

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

(**) Held through Logesta Gestión de Transportes, S.A.

On 1 October 2011, the Company made a supplementary contribution of EUR 940 thousand to Logista Transportes e Transitarios, Lda. to enable it to repay a loan granted to it.

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.

In 2012, the Company recognised impairment losses amounting to EUR 6,350 thousand on its investments classified under "Impairment and Gains or Losses on Disposals of Financial Instruments" in the accompanying income statement. In addition, the Company has recorded a provision for responsibilities to cover the negative equity of its subsidiaries for a total amount of EUR 1,760 which have been classified under the same caption of the accompanying income statement (see Note 11.5).

2011

Company	Location	% of ownership		Thousands of Euros										
				Data on the companies						Carrying Amount				
					Profit (Loss) for the year									
		Direct	Indirect	Share Capital	Profit (Loss) from operations	Profit (Loss) for the year	Reserves and others	Total Equity	Dividends received (Note 15.2)	Cost	Impairment Loss Recognised in the Year	Accumulated Impairment	Long term Provision (Note 11)
MIDSID (Sociedade Portuguesa de Distribuiçao, SGPS, S.A.)	Alcochete (Portugal)	100	-	844	2,842	1,212	1,896	3,952	-	4,166	(556)	(556)	-
Logista-Dis, S.A.	Madrid	100	-	902	3,587	2,577	655	4,134	-	1,202	-	-	-
Dronas 2002, S.L.	Barcelona	100	-	12,562	7,903	5,335	18,832	36,729	-	21,292	-	-	-
Logista France, S.A.	Tremblay (France)	100	-	11,108	414	(1,107)	(16,682)	(6,681)	-	10,989	-	(10,989)	-
Logista Tptes. e Transitarios, Lda.	Sintra (Portugal)	100	-	50	(623)	(939)	122	(767)	-	13,867	(1,974)	(13,867)	(832)
Logesta Gestión de Transportes, S.A.	Madrid	100	-	1,000	1,146	1,042	3,587	5,629	500	4,510	-	-	-
Logista Italia, S.p.A	Roma (Italy)	100	-	15,164	36,817	37,311	18,819	71,294	-	605,629	-	-	-
La Mancha 2000, S.A.	Madrid	100	-	1,352	61	135	686	2,173	-	1,352	-	-	-
Logesta Polska Sp. Z.o.o.	Varsovia (Poland)	49	51 (**)	226	245	129	(752)	(397)	-	128	(128)	(128)	(199)
Distribuidora del Noroeste, S.L.	Vigo	49	51 (*)	307	64	34	507	848	-	271	-	(271)	(1,540)
Compañía de Distribución Integral de Publicaciones Logista, S.L.	Madrid	75	-	7,193	(4,113)	(6,116)	1,691	2,768	661	12,200	(5,000)	(12,200)	-
Logista Libros, S.L.	Madrid	50	-	500	1,559	251	1,458	2,209	-	1,490	(948)	(948)	-
Compañía de Distribución Integral Logista Poslka, Sp.Z.o.o.	Varsovia (Poland)	100	-	271	245	(1,679)	(1,058)	(2,466)	-	5,261	(4,945)	(5,261)	(1,686)
										682,357	**(13,551)**	**(44,220)**	**(4,257)**

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

(**) Held through Logesta Gestión de Transportes, S.A.

8.2.2. Loans to Group companies

"Loans to Group Companies" includes a loan granted to the investee Dronas 2002, S.L.U for an initial amount of EUR 52,500 thousand, of which EUR 24,700 thousand remain pending to be drawn down at 30 September 2012 (33,600 at 30 September 2011). The interest applied to this loan is the official ECB rate plus a spread of 2%, payable annually. The loan matures on 31 December 2015, until which time advance payments may be made.

8.3 Current investments in Group companies and associates

On 1 October 2009, Logista, S.A.U. arranged to transfer its cash surpluses to Altadis, S.A.U., which bears interest tied to the European Central Bank official rate plus a spread of 0.75%, both for debtor and creditor balances, which is renewed on an annual basis. The balance of this current account at 30 September 2012 and 2011 was EUR 1,096 and EUR 1,077 million including interest (see Note 15.1).

This heading also includes a loan of EUR 12,640 thousand granted to Logista France, S.A.S. which is written down in full in view of the Directors' doubts with respect to its recoverability.

This heading also includes other loans to Group companies, which are detailed in Note 15.1.

8.4. Joint ventures

On 15 October 2009, Compañía de Distribución Integral Logista, S.A.U. and GTECH Global Lottery, S.L.U. formed the UTE known as "Compañía de Distribución Integral Logista, S.A.U. y GTECH Global Lottery, S.L.U., Unión Temporal de Empresas, Ley 18/1982 de 26 de mayo, número 1" on an equal-footing basis to render services to the Spanish National Organisation for the Blind (ONCE). The Company has an ownership interest of 50% in this UTE.

The main information relating to this joint venture, at 30 September 2012 and 2011, is as follows (in thousand Euros):

	2012		2011	
	Total UTE	Total Attributed to the Company	Total UTE	Total Attributed to the Company
Assets	27,941	13,971	27,486	13,743
Loss	(25,249)	(12,625)	(29,536)	(14,768)
Sales	17,952	8,976	10,594	5,297

The Shareholders ofCompañía de Distribución Integral Logista, S.A.U. and GTECH Global Lottery, S.L.U. Unión Temporal de Empresas granted the Company a loan through a monetary contribution borne on a 50/50 basis, which at 30 September 2012 amounted to EUR 89,576 thousand. The Company recognised an additional amount of EUR 22,394 thousand in this connection (2011:15,928) which are classified in the captions "Current financial assets – Loans to companies" and "Other current financial liabilities" of the accompanying balance sheet.

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.

8.5 Information on the nature and level of risk of financial instrumentss

The management of the risks to which the Company is exposed in the course of its business activities constitutes one of the basic pillars of its activities aimed at preserving the value of its assets and its Shareholder's investment.

The Company's financial risk management is centralised in its Corporate Finance Division. This Division has established the mechanisms required to control -based on the structure and financial position of the Company and on the economic variables of the business- exposure to interest rate and exchange rate fluctuations and credit and liquidity risk.

The main risks and uncertainties faced by the Company derive mainly from the possible regulatory changes in the industries in which it operates, the usual operational risks arising in the ordinary course of business and counterparty risk (customer insolvencies).

a. Credit risk:

The Company'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 Company holds its cash and cash equivalents at banks with high credit ratings and controls the risks of doubtful debts and past-due amounts by setting credit limits and establishing stringent conditions with respect to collection periods.

Accounts receivable represent mainly the uncollected balances from the sale of tobacco. The commercial risk is distributed among a large number of customers with shorter collection periods and with traditionally very low defaultrates. Therefore, exposure to credit risk arising from third parties outside the Group is not very significant.

The changes in impairment losses on trade receivables in 2012 and 2011 were as follows:

	Thousands of Euros
Impairment loss at 30 September 2010	9,780
Charge for the period	3,119
Amount reversed	(386)
Impairment loss at 30 September 2011	12,513
Charge for the year	3,556
Amount reversed	(1,067)
Impairment loss at 30 September 2012	**15,002**

b. Liquidity risk:

The Company had working capital deficiencies of EUR 336,625 thousand and EUR 378,063 thousand at 30 September 2012 and 2011, respectively.

In any case, to ensure liquidity and in order to meet all the payment obligations arising from its business activities, the Company's balance sheet includes the cash and the credit and financing facilities, including a short-term loan to Altadis, S.A.U. of EUR 1,096 million (2011: EUR 1,077 million) which is detailed in Note 15.1.

c. Market risk (including interest rate, foreign currency and other price risks):

In relation to its cash and cash equivalents, the Company is exposed to interest rate fluctuations which might affect its profit and cash flows. However, due to the Company's low borrowing level, management considers that the impact thereof would under no circumstances be material.

The level of exposure of equity and the 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 13).

The Company 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.

9. Inventories

The detail of "Goods Held for Resale" at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Tobacco	325,926	414,250
Other goods held for resale	8,743	21,146
Advances to suppliers	77	45
Write-downs	(7,847)	(1,680)
	326,899	**433,761**

The changes in the write-downs relating to "Inventories" in the accompanying balance sheet were as follows:

	Thousands of Euros
Inventory write-down at 30 September 2010	1,995
Charge for the year	1,467
Amount reversed	(1,782)
Inventory write-down at 30 September 2011	1,680
Charge for the year	6,167
Inventory write-down at 30 September 2012	**7,847**

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

10. Equity and Shareholders' equity

At 30 September 2012 and 2011, the Company's share capital amounted to EUR 26,550 thousand and was represented by 44,250,000 fully subscribed and paid shares of EUR 0.60 par value each, all of the same class. At 30 September 2012 and 2011, the Company's Sole-Shareholder was Altadis, S.A.U.

Pursuant to Article 16 of the Consolidated Spanish Limited Liability Companies Law, on 24 July 2008 the Company registered its Sole-Shareholder status at the Mercantile Registry. The nature of the Company's transactions and agreements with its Sole-Shareholder are detailed in Note 15.1.

10.1 Share premium

The Consolidated Spanish Capital Companies Law expressly permits the use of the share premium account balance to increase share capital and does not establish any specific restrictions as to its use.

10.2 Legal reserve

Under the Consolidated 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 the end of 2012 the balance of this reserve had reached the legally required minimum.

10.3 Dividends

On 27 March 2012 the Sole-Shareholder resolved to distribute a dividend of EUR 1.1 per share out of 2011 profit, the total amount of the dividend distributed being EUR 48,675 thousand.

11. Provisions

11.1 Detail of balances and movements in the year

The detail of the provisions in the balance sheet at 2012 and 2011 year-end and of the main changes therein during the years is as follows:

2012

	Thousands of Euros			
Long-Term Provisions	Balance at 30/09/11	Additions	Amounts Used/ Reversals	Balance at 30/09/12
Provision for excise duties	99,143	4,055	(5,297)	97,901
Provision for customs duty assessments	8,894	488	-	9,382
Employee benefit obligations (Note 4.12)	5,540	1,600	-	7,140
Other provisions for employees	869	-	(5)	864
Other provisions for contingencies and charges	7,668	4,186	(305)	11,549
	122,114	**10,329**	**(5,607)**	**126,836**

	Thousands of Euros				
Short-Term Provisions	Balance at 30/09/11	Additions	Amounts Used/ Reversals	Transfers	Balance at 30/09/12
Employee benefit obligations (Note 4.12)	353	216	(244)	-	325
Provisions for restructuring costs (Note 4.11)	6,964	5,490	(10,059)	425	2,820
Other provisions for contingencies and charges	1,546	-	(36)	(425)	1,085
	8,863	**5,706**	**(10,339)**	-	**4,230**

2011

Long-Term Provisions	Thousands of Euros Balance at 30/09/09	Additions	Amounts Used/ Reversals	Transfers	Balance at 30/09/10
Provision for excise duties	95,088	4,055	-	-	99,143
Provision for customs duty assessments	11,406	488	(3,000)	-	8,894
Employee benefit obligations (Note 4.12)	5,540	-	-	-	5,540
Other provisions for employees	1,362	-	-	(493)	869
Other provisions for contingencies and charges	8,228	1,034	(1,594)	-	7,668
	121,624	**5,577**	**(4,594)**	**(493)**	**122,114**

Short-Term Provisions	Thousands of Euros Balance at 30/09/10	Additions	Amounts Used/ Reversals	Transfers	Balance at 30/09/11
Employee benefit obligations (Note 4.12)	379	216	(242)	-	353
Provisions for restructuring costs (Note 4.11)	6,949	1,034	(1,512)	493	6,964
Other provisions for employees	293	-	(293)	-	-
Other provisions for contingencies and charges	1,498	48	-	-	1,546
	9,119	**1,298**	**(2,047)**	**493**	**8,863**

11.2 Provision for tobacco excise duties and customs duty assessments

The 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 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 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 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 Company paid EUR 5,297 thousand, including late-payment interest, to settle these tax assessments, although the 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 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 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 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 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 income statement for 2012 and 2011.

11.3 Provision for employee benefit obligations

This account includes the present value of the Company's obligations in terms of long-service bonuses and the "free tobacco" benefit (see Note 4.12). 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" in the accompanying 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 income statement.

11.4 Provisions for restructuring costs

In 2012 provisions of EUR 5,490 thousand were recognised for restructuring programmes that the Company's Directors intend to carry out.

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.

At 31 December 2012, the provisions recognised for restructuring costs amounted to EUR 2,820 thousand and covered the restructuring programmes intended to carry out.

11.5 Other provisions for contingencies and charges

At 30 September 2012 and 2011 the balance of this account includes the provisions to cover the risk of various ongoing lawsuits between the Company and third parties.

This accounting line also includes provisions of EUR 6,017 thousand for equity instruments held at companies with an equity deficitat 30 September 2012. In 2011 the provisions recorded by the Company amounted to EUR 4,257 thousand (see Note 8.2.1).

12. Tax matters

12.1 Current tax receivables and payables

The detail of the current tax receivables and payables is as follows:

Tax receivables

	Thousands of Euros	
	2012	2011
Income tax	485	485
Other tax receivables	256	603
Total	**741**	**1,088**

Tax payables

	Thousands of Euros	
	2012	2011
Income tax	13,456	3,953
Excise duties on tobacco products	597,522	667,074
VAT and Canary Islands general indirect tax	185,218	204,853
Personal income tax withholdings	1,144	1,029
Accrued social security taxes payable	4,909	3,628
Other tax payables	5,540	9,831
Total	**807,789**	**890,368**

12.2 Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit to the taxable profit for income tax purposes is as follows:

2012

	Thousands of Euros		
	Increase	Decrease	Amount
Accounting profit before tax			91,248
Permanent differences:			
Out-of-pocket expenses and other non-deductible expenses	79	-	79
Penalties and surcharges	7	-	7
Group dividend elimination (Note15.2)	-	(37,000)	(37,000)
Others	6,000	-	6,000
Adjusted taxable profit			**60,334**
Temporary differences:			
Provision for employee benefit obligations	519	-	519
Provision for non-deductible early retirement benefits	54	(2,502)	(2,448)
Joint venture losses (Note 8.4)	12,625	(13,534)	(909)
Impairment loss recognised on investment securities	1,760	-	1,760
Amortisation of goodwill	-	(5,640)	(5,640)
Taxable profit			**53,616**
Tax charge (30% of taxable profit)			16,085
Tax credits and tax relief			(2,484)
Withholdings and prepayments			(145)
Tax receivable			**13,456**

2011

	Thousands of Euros		
	Increase	Decrease	Amount
Accounting profit before tax			61,827
Permanent differences:			
Out-of-pocket expenses and other non-deductible expenses	54	-	54
Penalties and surcharges	18	-	18
Group dividend elimination (Note15.2)	-	(30,555)	(30,555)
Others	5,000	-	5,000
Adjusted taxable profit			**36,344**
Temporary differences:			
Provision for employee benefit obligations	422	(243)	179
Provision for non-deductible early retirement benefits	785	(1,243)	(458)
Joint venture losses (Note 8.4)	14,768	(16,934)	(2,166)
Impairment loss recognised on investment securities	15,795	(891)	14,904
Amortisation of goodwill	-	(28,201)	(28,201)
Taxable profit			**20,602**
Tax charge (30% of taxable profit)			6.181
Tax credits and tax relief			(1,906)
Withholdings and prepayments			(322)
Tax receivable			**3,953**

The permanent differences in 2012 relate mainly to the elimination of dividends received from Logista Italia, S.p.A. in order to avoid double taxation and to the elimination of the provision for losses in company group which are included in the income tax consolidation group.

The decrease in timing differences was due to the use of provisions which had not been treated as tax-deductible in prior years, as well as the different timing of the recognition of the results of the unincorporated temporary joint venture Compañía de Distribución Integral Logista, S.A.U. y GTECH Global Lottery, S.L.U. Unión Temporal de Empresas for tax and accounting purposes (see Note 8.4). Additionally, the Company has been reducing its taxable profit annually by a portion of the amount of the implicit goodwill in the acquisition price of its foreign subsidiaries; these reductions are treated as temporary differences.

The timing differences that increased the tax base were mainly due to the impairment loss recognised on investment securities (see Note 8.2), to the provision for employee benefit obligations (see Notes 11.1 and 11.3) and to the provision for restructuring costs (see Note 11.1 and 11.4).

12.3 Reconciliation of accounting profit to the income tax expense

The reconciliation of the accounting profit to the income tax expense is as follows:

	Thousands of Euros	
	2012	2011
Accounting profit for the year before tax	91,248	61,827
Permanent differences	(30,914)	(25,483)
Adjusted taxable profit	**60,334**	**36,344**
Tax charge (30% of taxable profit)	18,103	10,903
Other impacts	1,076	1,163
Tax credits and tax relief	(2,484)	(1,906)
Adjustments to prior year´s income tax	(80)	1,361
Income tax expense	**16,612**	**11,521**

12.4 Breakdown of income tax expense

The breakdown of the income tax expense is as follows:

	Thousands of Euros	
	2012	2011
Current tax	14,676	8,160
Deferred tax	2,016	4,722
Positive adjustments to the income tax	(80)	(1,361)
Income tax expense	**16,612**	**11,521**

12.5 Deferred tax assets

The detail of "Deferred Tax Assets" at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Provisions for employees	2,532	3,111
Impairment loss on investment securities	11,257	10,729
Provisions for third-party liability	3,570	3,570
Joint venture losses	2,472	2,745
Other	662	662
Total deferred tax assets	**20,493**	**20,817**

12.6 Deferred tax liabilities

The detail of "Deferred Tax Liabilities" at 30 September 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Goodwill – Italy	58,468	56,776
Total deferred tax liabilities	**58,468**	**56,776**

Until 2011, each year the 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.

12.7 Tax credit carryforwards

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

12.8 Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At 2012 year-end the 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.

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 financial statements.

13. Balances and transactions in currencies other than the euro

In 2012 and 2011 there were no significant transactions in different from Euro currency and the Company had no significant balances in currencies other than the euro at 30 September 2012 and 2011.

The Company is the Sole- Shareholder of Compañía de Distribución Integral Logista Polska, Sp. z.o.o. and has a 100% shareholding in Logesta Polska Sp. z.o.o., whose official currency is the zloty. The net investment in these companies at 30 September 2012 and 2011 is as described in Note 8.2.1.

14. Income and expenses

14.1 Revenue

The breakdown, by business line and geographical market, of the Company's revenue for 2012 and 2011 is as follows:

Line of Business	Thousands of Euros	
	2012	2011
Tobacco	1,580,425	1,563,969
Stamps	172,827	193,851
Other logistics revenue	125,288	126,994
Rendering of services	30,138	35,242
Total	**1,908,678**	**1,920,056**

Tobacco is distributed and sold under distribution contracts entered into with the manufacturers. These contracts are not exclusive and allow early termination without incurring any indemnity payments, although they have historically been renewed upon maturity.

In 2012 sales performed in Portugal amounted to EUR 69,758 thousand (2011: EUR 66,310 thousand), from which the Company earned commissions of EUR 8,896 thousand (2011: EUR 1,564 thousand).

Revenue from the provision of transport logistics services outside Spain amounted to EUR 10,955 thousand and EUR 12,162 thousand in 2012 and 2011, respectively.

The remaining revenue relates to transactions in the Spanish market.

14.2 Procurements

The detail of "Procurements" in 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Cost of goods held for resale used:		
Purchases	1,649,177	1,652,616
Changes in inventories	(12,734)	2,867
Impairment of goods held for sale:		
Impairment of goods held for sale (Note 9)	6,167	1,467
Total	**1,642,610**	**1,656,950**

The detail, by origin, of the purchases made by the Company in 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Spain	1,265,860	1,314,438
EU countries	76,523	31,342
Imports	306,794	306,836
Total	**1,649,177**	**1,718,323**

14.3 Staff costs

The detail of the balance of "Staff Costs" in 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Wages, salaries and similar expenses	47,923	46,550
Severance	5,786	5,646
Other social expenses -Pension plans contributions (Note 4.12)	2,653	2,498
Employee benefit costs	13,816	13,308
Total	**70,178**	**68,002**

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

Category	Average Number of Employees 2012	Average Number of Employees 2011
Executives	19	19
Line personnel and clerical staff	505	507
Warehousemen	561	587
Total	**1,085**	**1,113**

The Company's headcount at 30 September 2012 and 2011, by category and gender, was as follows:

2012

	Number of Employees			
	Permanent		Casual	
	Men	Women	Men	Women
Executives	18	1	-	-
Line personnel and clerical staff	275	187	16	28
Warehousemen	336	153	49	25
Total	629	341	65	53
TOTAL	**970**		**118**	

2011

	Number of Employees			
	Permanent		Casual	
	Men	Women	Men	Women
Executives	18	1	-	-
Line personnel and clerical staff	273	204	9	20
Warehousemen	337	158	66	30
Total	628	363	75	50
TOTAL	**991**		**125**	

Senior management

The remuneration earned in 2012 and 2011 by the members of the Company's Management Committee amounted to EUR 3,581 thousand and EUR 2,132 thousand, respectively, and included the remuneration received by certain executives who are also members of the Company's Board of Directors. The aforementioned amounts include amounts paid to the Management Committee in 2012 and 2011 in relation to the incentives plan described in Note 4.12.

The contributions made by the Company to pension plans for the members of the Company's Management Committee, amounted to EUR 41 thousand and EUR 30 thousand in 2012 and 2011, respectively.

14.4 Outside services

The detail of the balance of "Outside Services" in 2012 and 2011 is as follows:

	Thousands of Euros	
	2012	2011
Transport	46,352	50,181
Sundry services	17,024	17,229
Independent professional services	28,136	28,374
Rent and royalties (Note 7.1)	9,842	11,357
Utilities	7,607	7,603
Repairs and upkeep	4,592	5,370
Insurance premiums	1,608	3,600
Other expenses	3,869	5,204
Total	**119,029**	**128,918**

"Sundry Services" includes mainly technical service, surveillance and communications services.

In 2012 and 2011 the fees for finantial audit services provided to the Company by the principal auditor and by other firms related to the principal auditor amounted to EUR 218 thousand and EUR 210 thousand, respectively.

In 2012 and 2011 the principal auditor and other firms related to the principal auditor also provided other professional verification and consulting services to the Company amounting to EUR 140 and EUR 155 thousand, respectively.

15. Related party transactions and balances

15.1 Related party balances

At 30 September 2012 and 2011, the balances with Group companies, associates and related companies were as follows:

2012

	Thousands of Euros				
	Commercial Accounts Receivable	Current Financial Accounts Receivable	Non-Current Financial Accounts Receivable	Commercial Accounts Payable	Financial Accounts Payable
Parents:					
Imperial Tobacco Overseas Holding	1,143	-	-	13,245	-
Imperial Tobacco Enterprise Finance Limited	-	-	-	-	10,098
Altadis, S.A.U.	2,876	1,096,084	-	41,411	3,765
Other Group companies and associates:					
Altadis Distribution France, S.A.S.	183	-	-	-	-
Dronas 2002, S.L.U.	1,718	12,487	24,700	4,032	308
Logista-Dis, S.A.U.	1,111	2,062	-	9,848	-
Logesta Gestión del Transporte, S.A.U	116	473	-	5,853	956
T-2 Opelog, S.A.U.	168	255	-	13	-
Sociedade Portuguesa de Distribuiçao, S.A. (Midsid)	81	20,946	-	-	-
Logista Italia, S.p.A.	180	-	-	-	1,014,757
Distribuidora del Noroeste, S.A.	2	1,515	-	-	-
La Mancha 2000, S.A.U.	-	73	-	33	-
Compañía de Distribución Integral de Publicaciones Logista, S.L.U.	535	3,983	-	-	3,378
Logista Libros, SL.	95	4,572	-	5	-
Logista Transportes e Transitarios, Lda.	1	-	-	-	-
Compañía de Distribución Integral Logista Polska, Sp Zoo	-	4,455	-	-	-
T-2 Gran Canaria Transporte, S.A.U.	6	447	-	315	-
Other	11,100	11,349	-	15,291	7,986
Total	**19,315**	**1,158,701**	**24,700**	**90,046**	**1,041,248**

2011

	Thousands of Euros				
	Commercial Accounts Receivable	Current Financial Accounts Receivable	Non-current Financial Accounts Receivable	Commercial Accounts Payable	Financial Accounts Payable
Parents:					
Imperial Tobacco Overseas Holding	18	-	-	142	-
Imperial Tobacco Enterprise Finance Limited	-	-	-	-	30,291
Altadis, S.A.U.	-	1,076,558	-	34,886	3,607
Other Group companies and associates:					
Altadis Distribution France, S.A.S.	3,991	-	-	-	-
Distribuidora de Publicaciones del Sur, S.A.	502	-	-	-	-
Dronas 2002, S.L.U.	1,757	10,495	33,600	4,230	-
Logista-Dis, S.A.U.	916	1,990	-	8,600	-
Logesta Gestión del Transporte, S.A.U.	320	3,627	-	6,738	-
T-2 Opelog, S.A.U.	180	445	-	13	-
Sociedade Portuguesa de Distribuiçao, S.A. (Midsid)	81	30,200	-	-	-
Logista Italia, S.p.A.	148	-	-	-	1,070,511
Distribuidora del Noroeste, S.A.	7	1,529	-	-	-
La Mancha 2000, S.A.U.	-	58	-	36	2,678
Compañía de Distribución Integral de Publicaciones Logista, S.L.U.	1,303	-	-	-	1,523
Logista Libros, SL.	183	-	-	9	-
Logista Transportes e Transitarios, Lda.	8	5,110	-	190	-
Logista France, S.A.S	-	-	-	138	-
Compañía de Distribución Integral Logista Polska, Sp Zoo	195	3,266	-	-	-
T-2 Gran Canaria Transporte, S.A.U.	4	56	-	144	-
Other	7,750	97	-	15,543	858
Total	**17,363**	**1,133,431**	**33,600**	**70,669**	**1,109,468**

The accounts receivable relate mainly to services provided and commercial sales.

The commercial accounts payable relate mainly to tobacco purchased by Logista, S.A.U. from Altadis, S.A.U. and Imperial Tobacco Overseas Holding for subsequent distribution.

On 1 October 2008, the loan from Logista Italia, S.p.A. was renewed until 30 December 2009, being renewable since that date for additional 12-month periods. The applicable interest rate is that established by the European Central Bank plus a spread of 0.75%. The amounts payable at 30 September 2012 and 2011 were EUR 1,014,757 thousand and EUR 1,070,511 thousand, respectively. The interest on this loan charged to the accompanying income statement in 2012 and 2011 amounted to EUR 18,280 thousand and EUR 18,601 thousand, respectively.

The 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 balance sheet.

The financial relations framework agreement with Tobacco Enterprise Finance Limited was initially in force until 30 September 2010. The interest relating to reciprocal cash transfersunder this agreementis paid at the

European Central Bank rate, plus a spread of 0.75%. This agreement is automatically renewable every 30 September and the interest is payable on a quarterly basis.

On 1 October 2009, Logista, S.A.U. arranged a loan with Altadis, S.A.U., which bears interest tied to the European Central Bank official rate plus a spread of 0.75%, which is renewable since that date on an annual basis. The amount receivable at 30 September 2012 was EUR 1,096,084 thousand.

The interests charged to the accompanying income statement during 2012 for these two loans amount to EUR 21,082 thousand (2011: EUR 24,526 thousand).

The rest of the intercompany credits are referenced to Euribor plus a margin and are due annually and renewed automatically for an additional period of a year.

15.2 Transactions with related parties

The detail of the transactions (purchases and sales of merchandise, provision of services, etc.) carried out by the Company with Group companies and associates, with its Sole-Shareholder and with related parties in 2012 and 2011 is as follows:

2012

	Thousands of Euros				
	Sales	Procurements	Other Operating Expenses	Finance Income	Finance Costs
Transactions with the Sole-Shareholder:					
Altadis, S.A.U.	15,955	(464,885)	(372)	19,516	-
Altadis Group companies	4	-	-	-	-
Imperial Tobacco Overseas Holding	2,977	(18,401)	-	-	-
Imperial Tobacco Group companies	7,698	(40,080)	-	1,566	-
With Group companies and associates	44,021	(18)	(49,301)	10,203	(21,817)
	70,655	**(523,384)**	**(49,673)**	**31,285**	**(21,817)**

2011

	Thousands of Euros				
	Sales	Procurements	Other Operating Expenses	Finance Income	Finance Costs
Transactions with the Sole-Shareholder:					
Altadis, S.A.U.	8,182	(446,760)	(366)	20,761	-
Altadis Group companies	7	-	-	-	-
Imperial Tobacco Overseas Holding	1,452	(22,859)	-	-	-
Imperial Tobacco Group companies	2,589	(33,723)	-	3,765	-
With Group companies and associates	66,771	(845)	(55,168)	8,102	21,169
	79,001	**(504,187)**	**(55,534)**	**32,628**	**21,169**

The sales to Altadis, S.A.U. relate mainly to the following services:

1. Distribution, storage and delivery of tobacco throughout the network of tobacco and stamp agencies.

2. Shipment of leaf tobacco from ports and depots to factories, of cigarettes and cigars from factories to warehouses and export of the aforementioned products.

3. Reception, storage, maintenance and shipment of confiscated contraband tobacco products and destruction, return or disposal thereof where legally permitted.

The contracts for providing these services mature within three to five years and all of them are renewable.

The purchases from Altadis, S.A.U. relate to products acquired for subsequent distribution in Spain, excluding tax-free markets.

"Other Operating Expenses" includes services provided by various Logista Group companies to Logista, S.A.U.

"Finance Income" relates mainly to dividends received from investees and interest earned on short-term loans granted to these companies (see Note 15.1).

The dividends received by the Company in 2012 and 2011 from its equity interests in Group companies were as follows:

	Thousands of Euros	
	2012	2011
Logista Italia, S.p.A.	37,000	30,555
Logista Dis, S.A.U.	2,500	1,395
Logesta Gestión del Transporte, S.A.U.	1,000	549
Dronas 2002, S.L.	2,000	-
Total	**42,500**	**32,499**

15.3 Remuneration of Directors

The remunerationreceived in 2012 by the members of the Company's Board of Directors for discharging their functions as Directors in all respects, amounted to EUR 211 thousand (2011: EUR 362 thousand).

In 2012 and 2011 the Company did not carry out any transactions with its Directors not relating to its ordinary business operations or transactions not carried out on an arm's length basis.

There are no commitments to the members of the Board for the performance of this function in terms of life insurance, pension plans or similar concepts.

All the Directors are male, except for one female.

15.4 Detail of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors

Pursuant to Article 229 of the Spanish Capital Companies Law, in order to reinforce the transparency of companies, 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.U. in which the members of the Board of Directors own or owned equity interests in 2012, and of the functions, if any, that they discharge thereat:

Owner	Invester	Line of Businees	Ownership Interest	Functions
Dª Alison Cooper	Imperial Tobacco Group	Tobacco manufacture	147,917 shares	C.E.O.
D. Luis Egido 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 tan 0.01%	Corporate Development manager
D. José Riva Francos	Vapores Suardíaz	Transport	15%	Vicechairman and Chairman of the Board

Also, in accordance with the aforementioned Law, following is a detail of the activities carried out by the Company's Directors in 2012 that are identical, similar or complementary to the activity that constitutes the company object of Compañía de Distribución Integral Logista, S.A.U.:

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 Egido 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 Opelog, 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 Opelog, S.A.	Chairman of the Board
	Distribution	Employee	Logista Italia, S.p.A.	Chairman of the Board
	Distribution	Employee	Logista Publicaciones, S.L.U.	Chairman
D. Eduardo Zaplana Hernández-Soro	Telecommunications	Employee	Telefónica, S.A.	Adjunt to the Technical General Secretary

15.5 Financial structure

As indicated in Note 1, the Company is the head of the Logista Group, the financial structure of which is as described in Appendix 1.

16. Guarantee commitments to third parties and other contingent liabilities

The Company uses guarantees provided by various banks, the detail being as follows:

	Thousands of Euros
Tax authorities	177,919
Guarantee provided in business dealings	12,538
Lawsuits and penalties	7,952
	198,409

The Company's Directors do not expect any additional liabilities not considered in the financial statements to arise.

17. 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	2,557,393	99.21%	2,546,224	99.54%
Remainder	20,280	0.79%	11,694	0.46%
Total payments made in the year	**2,577,674**	**100%**	**2,557,918**	**100%**
Payables at year-end past due by more than the maximum payment period	1,422		3,176	

The figures shown in the foregoing table relate to suppliers of goods and services and, therefore, they include the figures relating to "Payable to Suppliers" and "Sundry Accounts Payable" under current liabilities in the 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 5 days in 2012 (2011: 4 days).

The maximum payment period applicable to the Company in 2011 under Law 3/2004, of 29 December, on combating late payment in commercial transactions, was 75 days.

18. Information on the environment

In matters concerning the environment, the Company 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 and 2011 the expenses incurred and the investments made to protect and improve the environment were not material.

19. 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 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.

20. Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

Appendix I

Subsidiaries composing the Logista Group

Compnay	Audit firm	Registered Office
Compañía de Distribución Integral de Publicaciones Logista, S.L.	Deloitte	C/ Electricidad, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid)
Logista Portugal, Distribuçao de Publicaçoes, S.A. y soc. dependientes:	Deloitte	Expançao da Área Ind.l do Passil. Ed. Logista 1A. Alcochete (Portugal)
Jornal Matinal, LDA.	Deloitte	Expançao da Área Ind.l do Passil. Ed. Logista 1A. Alcochete (Portugal)
Marco Postal Entrega Personalizada de Publicaçoes, LDA.	Deloitte	Expançao da Área Ind.l do Passil. Ed. Logista 1A. Alcochete (Portugal)
Distribérica, S.A.	Not audited	C/ Electricistas, 3. P.I. Pinares Llanos.Villaviciosa de Odón (Madrid)
Publicaciones y Libros, S.A.	Deloitte	C/ Electricistas, 3. P.I. Pinares Llanos.Villaviciosa de Odón (Madrid)
Distribuidora del Noroeste, S.L.	BDO	Gandarón, 34 Interior- Vigo
Distribución de Publicaciones Siglo XXI Guadalajara, S.L	Not audited	C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)
Distribuidora de Publicaciones del Sur, S.A.	BDO	Polígono Ind. Ctra. La Isla, c/Foro, 14. Dos Hermanas (Sevilla)
Promotora Vascongada de Distribuciones, S.A.	Not audited	C/Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya)
Distribuidora de las Rías, S.A.	Not audited	Polígono PO.CO.MA.CO, Parcela D-28. La Coruña
Distribuidora Valenciana de Ediciones, S.A.	Deloitte	Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia
Cyberpoint, S.L.L.	Not audited	C/ Electricistas, 3. P.I. Pinares Llanos.Villaviciosa de Odón (Madrid)
Distribuidora del Este, S.A.	BDO	Calle Saturno, 11. Alicante
S.A. Distribuidora de Ediciones	Deloitte	C/ B, Sector B Polígono Zona Franca. Barcelona
La Mancha 2000, S.A.	Not audited	Avda. Castilla La Mancha sn. Cabanillas del Campo. Guadalajara
Midsid Sociedade Portuguesa de Distribuiçao, SGPS, S.A.	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logista-Dis, S.A.	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logista Libros, S.L.	Deloitte	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara
Librodis Promotora y Comercializadora del Libro, S.A.	Not audited	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara
Avanzalibros, S.L.	Not audited	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara
Logesta Gestión de Transporte, S.A.	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Italia, s.r.l.	Deloitte	Via in Arcione 98. Roma
Transportes Basegar, S.A.	Deloitte	C/ Chavarri, S/N, Edificio Reimasa. Sestao (Vizcaya)
Logesta Noroeste, S.A.	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Lusa Lda	Not audited	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logesta Polska Sp. Z.o.o.	Not audited	Flory nr 9, lok 6. kod-00-586 Warszawa--(Polonia)
Logesta Deutschland GMBH	Not audited	Pilotystr 4. 80538- München-(Alemania)
Logesta France, s.a.r.l.	Not audited	25 Av. Du Bois de la Pie. Z.I. Paris Nord. 93290 Tremblay (Francia)
Dronas 2002, S.L. y sociedades dependientes	Deloitte	Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca
T2 Gran Canaria, S.A.	Deloitte	Urbanización El Cebadal. C/ Entrerríos, 3. Las Palmas de Gran Canaria
T2 Opelog, S.A.	Deloitte	Polígono Industrial Nordeste. C/ Industria, 53-65. San Andreu de la Barca
Logilenia Distribuidora Farmacéutica, S.L.	Not audited	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logista Italia, S.p.A. (antes Etinera, S.p.A.)	Deloitte	Vía in Arciones, 98. Roma (Italia)
Terzia, S.p.A.	Deloitte	Vía in Arciones, 98. Roma (Italia)
Logista, Transportes e Transitarios, Lda.	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Compañía de Distribución Integral Logista Polska, Sp Zoo	Not audited	Al. Jerozolimskie 133. Warszawa. Polonia

Logista Group Associates

Company	Audit firm	Registered office
DIMA Distribución Integral, S.L.	Deloitte	Polígono Industrial Los Olivos. C/ Confianza, 1. Getafe. Madrid
International News Portugal, LDA.	Patricio Moreira, Valente &Associados SROC	Alameda dos Oceanos., Lote 1° Lisboa
Logesta Maroc, S.A	Not audited	87 Rue Ahmed El .Casablanca (Marruecos)

Compañía de Distribución Integral Logista, S.A. (Sole-Shareholder Company)

Directors' Report
For year ended
30 September 2012

1. LOGISTA's performance and position in 2012

In 2012, the Company reported revenue of EUR 1,909 million and profit from operations of EUR 57 million.

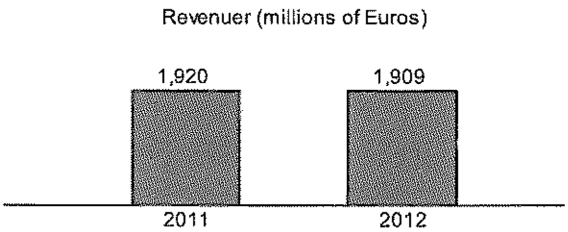
The Company's financial results stand at EUR 34.3 million, with net profit reaching EUR 74.6 million.

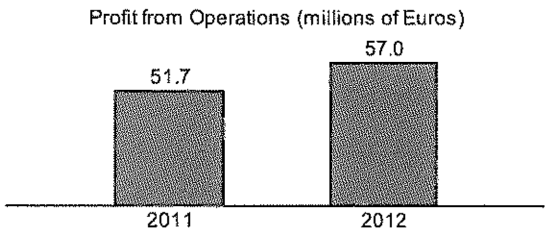
The Company has showed again the strength of its business model in a difficult economic environment.

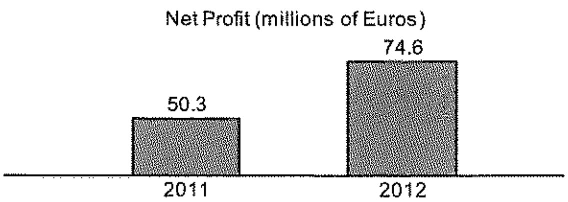
In order to mitigate the impact of the weakness consumer spending in the Company's revenue, the Company has adopted several measures seeking the enhancement of the productivity in its operations, and has also increased its marketing efforts.

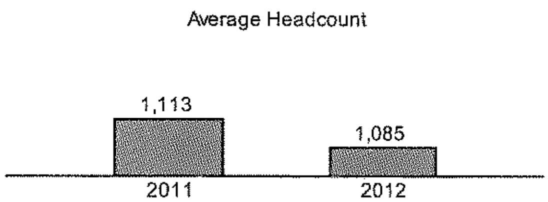
The tobacco distribution line of business in Spain has once again revealed its ressistence to the negative trend in the cigarettes sales volume, which has decreased by 12.4% between 1 October 2011 and 30 September 2012. The Company has compensated this decrease through an increase in tariffs and prices, as well as a continuous and strict control of costs.

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









Risk exposure

The main risks and uncertainties facing the Company 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 Company could be equally affected by the risks arising from the adverse global economic climate and its potential impact on consumption in the markets and industries where the Company is present.

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

The Company 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 to assets and employees 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 Company in all matters relating to its commitment to the environment and quality, and promotes the implementation of and compliance with the principles of conduct by issuing internal corporate regulations.
- Administrative Department - Insurance: the Administrative Department is responsible for analysing the accident risks which may affect both the Company's assets and the performance of its business activities and, based on these risks, it arranges the external insurance coverage it deems necessary. On the other hand, it is charged with the Company assets protection and ensuring the reliability of the financial information.
- Cash Department - Financial and Credit Risk: 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 Company's Internal Audit Department 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 the work of external auditors, including the related planning, quality, independence and general business terms.
    - Assist in the review of the Company's financial information, particularly in unaudited periods.
    - Guarantee 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 Company management on financial and accounting matters when required.

The Company's credit risk is attributable mainly to trade receivables. The amounts presented in the balance sheet are net of the allowances for doubtful debts estimated by Company management based on prior experience and its assessment of the current economic environment. The Company'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 Company 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 Company's assets and, therefore, the value of the Sole-Shareholders' investments. The risk management system is structured and defined through the Company's global risk management approach 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 Company's Financial Department is to preserve the value of the Company's assets in all the business units and all the countries in which it operates by analysing and preventing risk, and optimising management of the main losses.

Historically, the rates of default in all geographical areas in which the Company operates remain at very low levels.

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

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

Environment

In environmental matters, the Company develops strict adherence to all requirements of the applicable law, and it continually strives to reduce the environmental impact of its activities (calculation and management of carbon footprint and energy consumption optimization water, reducing waste, reducing consumption of packaging optimizing industrial processes and materials used, etc...).

During fiscal 2012, the Company has undertaken numerous of actions in this area, an effort that has been reflected in the scores awarded by the Carbon Disclosure Project (Project reference in the fight against climate change). The Company, being punctuated with a Disclosure of 82/100, and B Performance, in almost all of the aspects evaluated, places its environmental management well above the European average (48-D), approaching the level set by the leading international companies.

2. Important events for the Company after the reporting period

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. Company outlook

The main lines of action for 2012/2013 are:

- Promotion of operations in the less mature segments (lottery, convenience, etc.)
- To manage the productivity of activities relating to tobacco in an environment of shrinking volumes.

4. Research and development

In 2012 the 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 Company did not hold any treasury shares.

6. Use of financial instruments

The Company does not operate with any financial instruments that might affect the correct measurement of the assets or liabilities recognised in the consolidated balance sheet.

Financial statements preparation diligence

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 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 46 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:

Mr. Gregorio Marañón y Bertrán de Lis CEO	Mr. Luis Egido Gálvez Chairman
Mr. José Riva Francos Chairman	Mr. Miguel Ángel Barroso Ayats Chairman
Mr. Eduardo Zaplana Chairman	Ms. Alison Jane Cooper Chairman
Mr. Kenneth Hill Chairman	Mr. David Ian Resnekov Chairman
Mr. Conrad Richardson Tate Chairman	Mr. Rafael de Juan López Chairman and Secretary of the Board

Madrid, 19 December 2012