

Imperial Tobacco Denmark ApS

Lyskær 3 CD

2730 Herlev

CVR No. 33864329

Annual Report

1 October 2016 - 30 September 2017

7. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30 November 2017

Reimund Johannes Ameskamp
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of Imperial Tobacco Denmark ApS for the financial year 1 October 2016 - 30 September 2017.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 30 September 2017 and of the results of the Company's operations for the financial year 1 October 2016 - 30 September 2017.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 30 November 2017

Executive Board

Peter Jannick Mazanti-Andersen

Man. Director

Supervisory Board

Reimund Johannes Ameskamp

Chairman

Csaba Juhász

Independent Auditor's Report

To the shareholders of Imperial Tobacco Denmark ApS

Opinion

We have audited the financial statements of Imperial Tobacco Denmark ApS for the financial year 1 October 2016 - 30 September 2017, which comprise an income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 September 2017 and of the results of its operations for the financial year 1 October 2016 - 30 September 2017 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements

Independent Auditor's Report

can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- * Identify and assess the risk of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

Hellerup, 30 November 2017

PricewaterhouseCoopers Statsautoriseret

Revisionspartnerselskab

CVR-no. 33771231

Jan Boje Andreassen

State Authorised Public Accountant

Imperial Tobacco Denmark ApS

Company details

Company	Imperial Tobacco Denmark ApS Lyskær 3 CD 2730 Herlev
CVR No.	33864329
Date of formation	25 July 2011
Registered office	Herlev
Financial year	1 October 2016 - 30 September 2017
Supervisory Board	Reimund Johannes Ameskamp , Chairman Csaba Juhász
Executive Board	Peter Jannick Mazanti-Andersen , Man. Director
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

Management's Review

The Company's principal activities

The Company's main activities consisted of sales - and marketing of tobacco and tobacco related products to the Whole - and retail trade in Denmark until April 2017 when the activity was transferred to a group external agent.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 October 2016 - 30 September 2017 shows a result of DKK -5.662.919 and the Balance Sheet at 30 September 2017 a balance sheet total of DKK 350.950 and an equity of DKK -27.617.014.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Expectations for the future

The management expects that Imperial Tobacco Denmark ApS will be liquidated during 2017/18.

Accounting Policies

Basis of Preparation

Reporting Class

The Annual Report of Imperial Tobacco Denmark ApS for 2016/17 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Company has also decided to follow the class B and C rules on management's review.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

The accounting value of Intangible and tangible assets are examined on a yearly basis to determine if there are any indications of impairment, other than what has been declared by regular depreciations. If this is the case, an impairment will be done to the lowest recuperation value.

Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Raw materials and consumables

Costs for raw materials and consumables comprise purchase of goods and services for resale.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible assets

Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Other plants, fixtures and equipment	4-5 years	30%

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding debt and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Accounting Policies

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Imperial Tobacco Denmark ApS

Income Statement

	Note	2016/17 kr.	2015/16 kr.
Gross profit		857.934	3.044.996
Employee benefits expense	1	-6.008.235	-5.501.258
Depreciation, amortisation expense and impairment losses of property, plant and equipment recognised in profit or loss		-43.176	-89.299
Loss from ordinary operating activities		-5.193.477	-2.545.561
Other finance income		9.381	5.268
Finance expences	2	-478.823	-589.327
Loss from ordinary activities before tax		-5.662.919	-3.129.620
Tax expense on ordinary activities		0	0
Loss		-5.662.919	-3.129.620
 Proposed distribution of results			
Retained earnings		-5.662.919	-3.129.620
Distribution of loss		-5.662.919	-3.129.620

Imperial Tobacco Denmark ApS

Balance Sheet as of 30 September

	Note	2017 kr.	2016 kr.
Assets			
Fixtures, fittings, tools and equipment		21.712	89.773
Property, plant and equipment		21.712	89.773
Deposits, investments		24.738	24.738
Investments		24.738	24.738
Fixed assets		46.450	114.511
Manufactured goods and goods for resale		0	32.724.985
Inventories		0	32.724.985
Short-term trade receivables		0	13.475.372
Deferred income		0	4.006
Receivables		0	13.479.378
Cash and cash equivalents		304.500	390.083
Current assets		304.500	46.594.446
Assets		350.950	46.708.957

Balance Sheet as of 30 September

	Note	2017 kr.	2016 kr.
Liabilities and equity			
Contributed capital	3	600.000	600.000
Retained earnings	4	-28.217.014	-22.554.095
Equity		-27.617.014	-21.954.095
Trade payables		72.192	1.163.766
Payables to group enterprises		27.010.284	48.896.693
Other payables		885.488	18.602.593
Short-term liabilities other than provisions		27.967.964	68.663.052
Liabilities other than provisions within the business		27.967.964	68.663.052
Liabilities and equity		350.950	46.708.957
Uncertainties relating to going concern	5		
Contingent liabilities	6		
Related parties	7		

Notes

	2016/17	2015/16
1. Staff expenses		
Wages and salaries	5.244.560	4.775.514
Post-employment benefit expense	695.842	655.210
Social security contributions	67.833	70.534
	<u>6.008.235</u>	<u>5.501.258</u>
Average number of employees	<u>7</u>	<u>9</u>
2. Finance expenses		
Finance expenses arising from group enterprises	<u>478.823</u>	<u>589.327</u>
	<u>478.823</u>	<u>589.327</u>
3. Contributed capital		
Balance at the beginning of the year	<u>600.000</u>	<u>600.000</u>
Balance at the end of the year	<u>600.000</u>	<u>600.000</u>

The share capital is distributed as 1 share of DKK 600,000.

The share capital has remained unchanged for the last 5 years.

4. Retained earnings

Balance at the beginning of the year	-22.554.095	-19.424.475
Additions during the year	<u>-5.662.919</u>	<u>-3.129.620</u>
Balance at the end of the year	<u>-28.217.014</u>	<u>-22.554.095</u>

5. Uncertainties relating to going concern

The company's equity is negative. The company has obtained sufficient credit limits and liquidity through a support letter from a group company for the purpose of maintaining operations until the capital is restored.

6. Contingent liabilities

The company has rental liabilities which at the balance sheet date amount to DKK 33.760.

7. Related parties

The company's primary parent, Imperial Tobacco Overseas Holdings Limited, does not prepare consolidated financial statements.

The company's ultimate parent, which prepare consolidated financial statements into which the Company is incorporated as a subsidiary is Imperial Tobacco Group PLC, 121 Winterstoke Road, Bristol BS3 2LL, UK.