

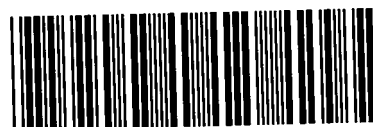
Company Number : 1860181

## IMPERIAL TOBACCO LIMITED

### Financial Statements

For the year ended 30 September 2016

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# IMPERIAL TOBACCO LIMITED

## Company Information

### Directors

A J Cooper  
N J Keveth  
D I Resnekov  
O R Tant

### Company Secretary

J M Downing

### Registered Number

1860181

### Registered Office

121 Winterstoke Road  
Bristol  
BS3 2LL

### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
2 Glass Wharf  
Bristol  
BS2 0FR

# IMPERIAL TOBACCO LIMITED

## Strategic Report

The Directors present their Strategic Report together with the Directors' Report and audited financial statements of Imperial Tobacco Limited (the Company) for the year ended 30 September 2016.

### Review of the business

The principal activity of the Company is the marketing and sale of tobacco and tobacco-related products. The Company is also a holding company and intermediate parent company for the majority of the operating subsidiaries of the Imperial Brands group (the Group).

The Company is a wholly owned indirect subsidiary of Imperial Brands PLC, which is the ultimate parent company within the Group, and the Directors of the Group manage operations at a Group level. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group's UK operations, which include the Company, is discussed in the Group's Annual Report which does not form part of this report, but is available at [www.imperialbrandsplc.com](http://www.imperialbrandsplc.com).

In addition, the Directors of the Group manage the Group's risks at a Group level, rather than at an individual entity level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the business of the Company. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's Annual Report, which does not form part of this report.

In the normal course of business, the Group is exposed to market, liquidity and credit risk. The financial risk management policy is discussed in the Financial Risk Factors section of the Group's Annual Report, which does not form part of this report.

Key performance indicators are assessed at a Group level, and are discussed in the Strategy section of the Group's Annual Report which does not form part of this report.

The operating subsidiaries of the Company are shown at the end of this report. The Company operates an overseas branch in France.

### Financial results

The Company has undergone transition from reporting under UK GAAP to FRS 101, therefore the financial performance for the year ended 30 September 2015 and the financial position at 30 September 2015 have been restated under FRS 101. The impact of this has been to reduce the profit for the year by £30 million, resulting from a change in accounting for retirement benefits. There has been no change in total equity.

The results for the Company show profit for the financial year of £5,371 million (2015: £448 million), operating profit of £467 million (2015: £459 million) and revenue of £4,617 million (2015: £4,741 million).

The Directors have proposed a final dividend of £90.01 (2015: £31.22) per ordinary share amounting to £1,695 million (2015: £588 million).

The aggregate dividends on the ordinary shares recognised as a charge to shareholders' funds during the year amounts to £4,133 million (2015: £700 million).

During the prior year the Company recorded an impairment against its investments in Imperial Tobacco Lacroix Limited and Imperial Tobacco Capital Assets (2) Limited, following the Directors' assessment that the carrying values were no longer supportable.

# IMPERIAL TOBACCO LIMITED

## Strategic Report

### Financial Results (continued)

Imperial Brands PLC is undergoing a group-wide cost optimisation programme. As part of this it has announced a number of European restructuring projects including the closure of the Company's factory in Nottingham. Restructuring costs cover employee costs, fixed asset and stock impairment, and other costs such as those for decommissioning as part of both projects.

### Future Developments

The Company believes it is well placed to continue in its market leading position in the UK due to its broad product and brand portfolio and the initiatives in the value and economy cigarette and fine cut tobacco sectors. This, along with the Company's continued commitment to drive sales growth by ensuring that the Company's brand and products evolve in line with changing consumer dynamics, should provide further opportunities to grow operating profits. The Company holds investments in the Group's trading entities, providing substantial dividend income annually.

### Employees

The Company's employment policies aim to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities and giving fair consideration to applications for employment, career development and promotion without having regard to an employee's gender, race, religion, age or disability. These policies also cover the continuation of employment and appropriate training for employees who become disabled during their employment.

To ensure employees can share in our success, the Company offers competitive pay and benefit packages linked, wherever possible, to performance. Employees are encouraged to build an ownership stake in Imperial Brands PLC shares, with a number of employee share plans offered during the year.

The Company is committed to providing an environment that encourages the continuous development of all its employees through skills enhancement and training programmes.

Employees are kept aware of the financial and economic factors affecting the performance of the Company. The Company provides employees systematically with information on matters of concern to them, and consults employees or representatives on a regular basis so views of employees are taken into account when making decisions. To progress this aim further employee representatives are briefed on pan-European issues through the Imperial Tobacco European Employee Works Council.

Information concerning employees and their remuneration is given in note 6 to the financial statements.

On behalf of the Board



D I Resnekov  
Director

23 January 2017

# IMPERIAL TOBACCO LIMITED

## Directors' Report

The Directors submit their report together with the Strategic Report and audited financial statements of the Company for the year to 30 September 2016.

### Future developments and going concern

Future Developments are set out in the Strategic Report.

In April 2014 Imperial Brands PLC announced a number of European restructuring projects to strengthen the Group's competitive position, including the closure of this Company's cigarette factory in Nottingham which completed during the current financial year.

On 29 November 2016, the Group announced a number of proposed restructuring changes, as part of its continued focus on competitiveness and sustainability. This included the potential disposal of its Riom Factory, and Les Aubrais research laboratory in France, and the closure of its Yaroslavl factory in Russia.

The Directors are satisfied that the Company has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

### Share capital

Details of the Company's share capital are shown in note 20 to the financial statements.

### Dividends

As set out in the Strategic Report, the Directors have proposed a final dividend of £90.01 (2015: £31.22) per ordinary share amounting to £1,695 million (2015: £588 million). Interim dividends of £188.25 (2015: nil) per ordinary share amounting to £3,545 million (£2015: nil) have been paid during the year.

### Qualifying third party indemnity provisions

Imperial Brands PLC has purchased Directors' and Officers' liability insurance that has been in force during the financial year and is currently in force. The Directors of the Company have the benefit of this insurance, which is a qualifying third party indemnity provision as defined by the Companies Act 2006.

### Research and development

The Company recognises the importance of investing in research and development, which brings innovative improvements to the Company, both in the products supplied to the consumer and in production and marketing techniques.

### Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A J Cooper  
N J Keveth  
D I Resnekov  
O R Tant

### Employees

The Company's policy on involving UK employees in its affairs is set out in the Strategic Report.

### Branches outside the UK

The Company operates an overseas branch in France.

# IMPERIAL TOBACCO LIMITED

## Directors' Report

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements respectively;
- notify the Company's shareholders in writing about the use of the disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

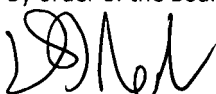
### Disclosure of information to Auditors

Each of the persons who is a Director at the date of approval of this report confirms that, so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent Auditors

In the absence of a notice proposing that the appointment of PricewaterhouseCoopers LLP as Auditors of the Company should be brought to an end, the Auditors will be deemed to be re-appointed for the next financial year.

By order of the Board



D I Resnekov

Director

23 January 2017

## **IMPERIAL TOBACCO LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IMPERIAL TOBACCO LIMITED**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Imperial Tobacco Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

The financial statements, included within the Financial Statements (the 'Annual Report'), comprise:

- the Balance Sheet as at 30 September 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statement are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

## **IMPERIAL TOBACCO LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IMPERIAL TOBACCO LIMITED**

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What an audit of financial statements involves**

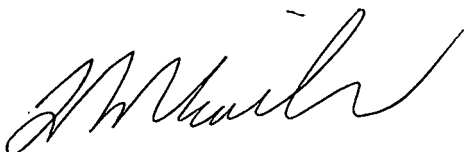
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**John Maitland (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Bristol**  
**25 January 2017**



# IMPERIAL TOBACCO LIMITED

## Income Statement

For the year ended 30 September

(In £ million)	Notes	2016	2015
<b>Revenue</b>	4	<b>4,617</b>	<b>4,741</b>
Duty and similar items		(3,598)	(3,684)
Other cost of sales		(172)	(200)
<b>Cost of sales</b>		<b>(3,770)</b>	<b>(3,884)</b>
<b>Gross profit</b>		<b>847</b>	<b>857</b>
Distribution costs		(149)	(124)
Impairment of investments	5	-	(183)
Restructuring costs	5	(40)	(80)
Other administrative expenses		(191)	(11)
<b>Administrative and other expenses</b>		<b>(231)</b>	<b>(274)</b>
<b>Operating profit</b>		<b>467</b>	<b>459</b>
Income from subsidiary undertakings		5,236	227
Finance income	7	127	7
Finance costs	8	(455)	(189)
Other finance costs - pensions	19	4	2
<b>Net finance costs</b>		<b>(324)</b>	<b>(180)</b>
<b>Profit on ordinary activities before taxation</b>		<b>5,379</b>	<b>506</b>
Income tax expense on ordinary activities	9	(8)	(58)
<b>Profit for the financial year</b>		<b>5,371</b>	<b>448</b>

All results derive from continuing operations.

# IMPERIAL TOBACCO LIMITED

## Statement of Comprehensive Income

For the year ended 30 September

(In £ million)	Notes	2016	2015
Profit for the financial year		5,371	448
<b>Other comprehensive income/(expense)</b>			
Exchange movements		328	(94)
Items that may be reclassified to profit and loss		328	(94)
Actuarial (loss)/gain on pension scheme	19	(463)	31
Deferred taxation relating to actuarial movement		88	(6)
Items that will not be reclassified to profit and loss		(375)	25
<b>Other comprehensive expense for the year, net of taxation</b>		<b>(47)</b>	<b>(69)</b>
<b>Total comprehensive income for the year</b>		<b>5,324</b>	<b>379</b>

# IMPERIAL TOBACCO LIMITED


## Balance Sheet

At 30 September

(In £ million)	Notes	2016	2015
<b>Fixed assets</b>			
Intangible assets	11	45	24
Investments	12	25,568	24,086
Property, plant and equipment	13	58	76
		<b>25,671</b>	<b>24,186</b>
<b>Debtors: amounts falling due after more than one year</b>			
Retirement benefit assets	19	-	68
Deferred tax assets	18	19	23
		<b>19</b>	<b>91</b>
<b>Current assets</b>			
Inventories	14	155	90
Debtors: amounts falling due within one year	15	680	1,019
Cash and cash equivalents		24	-
		<b>859</b>	<b>1,109</b>
Creditors: amounts falling due within one year	16	(8,736)	(9,047)
<b>Net current liabilities</b>		<b>(7,877)</b>	<b>(7,938)</b>
<b>Total assets less current liabilities</b>		<b>17,813</b>	<b>16,339</b>
Provisions for liabilities	17	(18)	(47)
Retirement benefit liabilities	19	(289)	-
<b>Net assets</b>		<b>17,506</b>	<b>16,292</b>
<b>Equity</b>			
Share capital	20	19	19
Share premium		15,620	15,620
Retained earnings		1,867	653
<b>Total equity</b>		<b>17,506</b>	<b>16,292</b>

The notes on pages 12 to 48 are an integral part of these financial statements.

The financial statements on pages 8 to 48 were approved by the Board of Directors on 23 January 2017 and signed on its behalf by:



N J Keveth  
Director



D I Resnekov  
Director

Company Number : 1860181

# IMPERIAL TOBACCO LIMITED

## Statement of Changes in Equity

For the year ended 30 September

(In £ million)	Share capital	Share premium	Retained earnings	Total equity
<b>At 1 October 2015</b>	<b>19</b>	<b>15,620</b>	<b>653</b>	<b>16,292</b>
Profit for the financial year	-	-	5,371	5,371
Exchange movements	-	-	328	328
Actuarial loss on pension scheme	-	-	(463)	(463)
Deferred taxation relating to actuarial movement	-	-	88	88
Other comprehensive expense	-	-	(47)	(47)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>5,324</b>	<b>5,324</b>
<b>Transactions with owners</b>				
Costs of employees' services compensated by share schemes	-	-	23	23
Dividends paid	-	-	(4,133)	(4,133)
<b>At 30 September 2016</b>	<b>19</b>	<b>15,620</b>	<b>1,867</b>	<b>17,506</b>
<b>At 1 October 2014</b>	<b>19</b>	<b>15,620</b>	<b>952</b>	<b>16,591</b>
Profit for the financial year	-	-	448	448
Exchange movements	-	-	(94)	(94)
Actuarial gain on pension scheme	-	-	31	31
Deferred taxation relating to actuarial movement	-	-	(6)	(6)
Other comprehensive expense	-	-	(69)	(69)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>379</b>	<b>379</b>
<b>Transactions with owners</b>				
Costs of employees' services compensated by share schemes	-	-	22	22
Dividends paid	-	-	(700)	(700)
<b>At 30 September 2015</b>	<b>19</b>	<b>15,620</b>	<b>653</b>	<b>16,292</b>

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 1. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Imperial Tobacco Limited (the "Company") for the year ended 30 September 2016 were authorised for issue by the board of directors on 23 January 2017, and the balance sheet was signed on the board's behalf by N J Keveth and D I Resnekov. Imperial Tobacco Limited is a private company incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with the Companies Act 2006, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest million pounds (£m) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Imperial Brands PLC, registered in the United Kingdom. The results of the Company are included in the consolidated financial statements of Imperial Brands PLC which are available from 121 Winterstoke Road, Bristol, BS3 2LL or on its website [www.imperialbrandsplc.com](http://www.imperialbrandsplc.com).

### 2. Accounting policies

#### Basis of preparation of financial statements

The Company has undergone transition from reporting under UK GAAP to Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have therefore been prepared in accordance with FRS 101, as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, except as described in the accounting policies on foreign currency, investments, financial instruments, share-based payments and retirement benefits costs below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the period and of assets and liabilities at the balance sheet date. The key estimates and assumptions are set out in note 3 Critical Accounting Estimates and Judgements. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements. In the future, actual experience may deviate from these estimates and assumptions. This could affect future financial statements as the original estimates and assumptions are modified, as appropriate, in the year in which the circumstances change.

On transition the Company has applied IFRS 1 paragraphs 6-33 as adopted by the EU, as required under FRS 100 paragraph 11(b).

The transition has resulted in a reduction of profit in the year ended 30 September 2015 of £30 million, resulting from a change in the accounting for retirement benefits under IAS 19 compared to FRS 17. There has been no change to total equity as at 30 September 2015.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### Basis of preparation of financial statements (continued)

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in the preparation of the financial statements, as detailed below:

- Paragraph 38 of IAS 1 'Presentation of financial statements' - comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment'; and
  - (iii) paragraph 118(e) of IAS 38 'Intangible assets' - reconciliations between the carrying amount at the beginning and end of the period;
- The following paragraphs of IAS 1 'Presentation of financial statements':
  - (i) 10(d) - statement of cash flows;
  - (ii) 10(f) - a statement of financial position as at the beginning of the preceding period when an entity applied an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements;
  - (iii) 16 - statement of compliance with all IFRS;
  - (iv) 38A - requirement for minimum of two primary statements, including cash flow statements;
  - (v) 38B-D - additional comparative information;
  - (vi) 40A-D - requirements for a third statement of financial position;
  - (vii) 111 - cash flow information; and
  - (viii) 134-136 - capital management disclosures;
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting Policies, changes in accounting estimates and errors' - requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;
- Paragraph 17 of IAS 24 'Related party disclosures' - key management compensation;
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- IFRS 7 'Financial Instruments: Disclosures';
- The requirements of IFRS 1 'First-time adoption of International Financial Reporting Standards' to present a statement of financial position at the date of transition.

#### New accounting standards and interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 September 2016, have had a material impact on the Company.

#### Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates of exchange ruling at the balance sheet date.

Transactions in currencies other than pound sterling are initially recorded at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement with exchange differences arising on trading transactions being reported in operating profit, and those arising on financing transactions being reported in net finance costs.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### Foreign currency (continued)

The carrying amounts of foreign currency investments are translated at the rates of exchange ruling at the balance sheet date and resulting exchange differences are offset against exchange gains or losses on the translation of intra-group borrowings in reserves, through the Statement of Comprehensive Income.

The Company holds fair value hedges against certain investments. Gains or losses on these hedges, that are regarded as highly effective, are taken to the income statement, where they offset gains or losses on translation of the investments within net finance income / costs.

#### Revenue

Revenue comprises the invoiced value for the sale of goods and services net of sales taxes, rebates and discounts. Revenue from the sale of goods is recognised when the Company has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. Sales of services, which include fees for distributing certain third party products, are recognised in the accounting period in which the services are rendered. Licence fees are recognised on an accruals basis in accordance with the substance of the relevant agreements.

Customer rebates and discounts may be offered to promote sales. The calculated costs are accrued and accounted for as incurred and matched as a deduction from the associated revenues (i.e. excluded from revenues reported in the income statement).

#### Income from subsidiary

Dividend income from subsidiary entities is recognised in the period in which the right to receive payment is established.

#### Interest

Interest payable and receivable is recognised in the income statement on an accruals basis.

#### Taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in the shareholders' funds, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is measured on a non-discounted basis.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### Dividends

Final dividends are recognised as a liability in the period in which the dividends are approved by shareholders, whereas interim dividends are recognised in the period in which the dividends are paid.

#### Intangible assets

Intangible assets are shown in the balance sheet at historical cost less accumulated amortisation and impairment. Costs incurred after initial recognition are included in the assets' carrying amounts or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably.

Intangible assets comprise software. Software is amortised so as to write down the initial costs of each asset to its residual value on a straight line basis over its estimated useful life of between 3 and 10 years.

#### Investments

Investments held as fixed assets comprise the Company's investment in subsidiaries and are predominantly shown at historic purchase cost less any provision for impairment. The exception is when a fair value hedge is in place whereby the investment is revalued at the rate prevailing at the period end, with any foreign exchange movement taken to the net finance costs / income. Investments are tested for impairment annually to ensure that the carrying value of the investment is supported by their underlying net assets.

#### Property, plant and equipment

Property, plant and equipment are shown in the balance sheet at historical cost less accumulated depreciation and impairment. Costs incurred after initial recognition are included in the assets' carrying amounts or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably.

Land is not depreciated. Depreciation is provided on other property, plant and equipment so as to write down the initial cost of each asset to its residual value over its estimated useful life as follows:

Property	up to 50 years	straight line
Plant and equipment	5 - 17 years	straight line / reducing balance
Fixtures and motor vehicles	3 - 4 years	straight line

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made.

A provision for restructuring is recognised when the Company has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been publicly announced, and it is more likely than not that the plan will be implemented, and the amount required to settle any obligations arising can be reliably estimated. Future operating losses are not provided for.



# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument. Financial assets are de-recognised when the rights to receive benefits have expired or been transferred, and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is extinguished.

Non-derivative financial assets are classified as loans and receivables. Receivables are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method, subject to reduction for allowances for estimated irrecoverable amounts. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of those receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the income statement. For interest-bearing assets, the carrying value includes accrued interest receivable.

Non-derivative financial liabilities are classified as loans and payables. Payables are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method. For borrowings, the carrying value includes accrued interest payable.

Cash and cash equivalents include cash in hand and deposits held on call, together with other short-term highly liquid investments.

#### Retirement benefit schemes

The Company participates, together with other group companies, in a pension scheme for its employees, the Imperial Tobacco Pension Fund (the Scheme), which is of a defined benefit type. As it has not been possible to identify the underlying assets and liabilities attributable to each participating company on a consistent and reasonable basis the Company recognises the entire Scheme in these financial statements as the "sponsoring company" in the Scheme.

The amount recognised in the balance sheet is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the scheme assets to the extent that they are demonstrably recoverable either by refund or a reduction in future contributions. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The service cost of providing retirement benefits to employees during the year is charged to operating profit. Past service costs are recognised immediately in operating profit, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time.

All actuarial gains and losses, including differences between actual and expected returns on assets and differences that arise as a result of changes in actuarial assumptions, are recognised immediately in full in the statement of comprehensive income for the period in which they arise. An interest charge is made in the income statement by applying the rate used to discount the defined benefit obligations to the net defined benefit liability of the schemes.

For defined contribution schemes, contributions are recognised as an employee benefit expense when they are due.

## IMPERIAL TOBACCO LIMITED

### Notes to the Financial Statements

#### 2. Accounting policies (continued)

##### Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant and are expensed over the vesting period, based on the number of instruments that are expected to vest. For plans where vesting conditions are based on total shareholder returns, the fair value at the date of grant reflects these conditions. Earnings per share and net revenue vesting conditions are reflected in the estimate of awards that will eventually vest. Where applicable the Company recognises the impact of revisions to original estimates in the income statement, with a corresponding adjustment to equity. Fair values are measured using appropriate valuation models, taking into account the terms and conditions of the awards.

#### 3. Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year are discussed below.

##### Legal Proceedings and disputes

The Company reviews outstanding legal cases following developments in the legal proceedings at each balance sheet date, considering the nature of the litigation, claim or assessment; the legal processes and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought; the progress of the case; the opinions or views of legal counsel and other advisers; experience of similar cases; and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

To the extent that the Company's assessments at any time do not reflect subsequent developments or the eventual outcome of any claim, its future financial statements may be materially affected, with a favourable or adverse impact upon the Company's operating profit, financial position and liquidity.

There are currently no outstanding legal claims.

##### Provisions

The Company holds provisions where appropriate in respect of estimated future economic outflows, principally for restructuring activity, which arise due to past events. Estimates are based on management judgement and information available at the balance sheet date. Actual outflows may not occur as anticipated, and estimates may prove to be incorrect, leading to further charges or releases of provisions as circumstances dictate.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 4. Segment information

The Company is engaged in only one class of business; the manufacture, marketing and sale of tobacco and tobacco-related products.

Revenue is attributed solely to UK activities and accordingly no geographical analysis of revenue, operating profit or capital employed is shown.

### 5. Operating profit

Operating profit is stated after charging/(crediting):

(In £ million)	2016	2015
Raw materials and consumables used	52	77
Changes in inventories of finished goods and work in progress (pre-duty)	(44)	(1)
Inventory write offs	1	2
Depreciation	14	19
Impairment of investments	-	183
Restructuring costs	40	80
Net foreign exchanges losses	-	(1)

There have been no investment impairments in 2016. The impairment of investments in 2015 relates to the impairment of Imperial Tobacco Lacroix Limited and Imperial Tobacco Capital Assets (2) Limited, following the Directors' assessment that their carrying values were no longer supportable.

Restructuring charges above of £40 million (2015: £80 million) relate to both the announced closure of the Company's factory in Nottingham and the Group's cost optimisation programme. These charges cover employee costs, fixed asset and stock impairment, and other costs such as those for decommissioning.

### Analysis of fees payable to PricewaterhouseCoopers LLP and its associates

(In £ million)	2016	2015
Audit of the Company financial statements	0.1	0.1

### 6. Directors and employees

#### Employment costs

(In £ million)	2016	2015
Wages and salaries	103	113
Other social security costs	19	18
Pension costs (note 19)	34	33
Share-based payments (note 23)	12	11
	168	175

Pensions costs comprise £30 million (2015: £29 million) in respect of the defined benefit scheme, and £4 million (2015: £4 million) in respect of the defined contribution scheme.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 6. Directors and employees (continued)

#### Average number of persons (including Directors) employed by the Company during the year

Number of employees by activity	2016	2015
Production	282	425
Selling and distribution	723	768
Administration	340	352
	<b>1,345</b>	<b>1,545</b>

#### Directors' emoluments

(In £ million)	2016	2015
Emoluments	5,694	5,683
LTIP annual vesting <sup>1</sup>	682	181
SMS annual vesting <sup>1</sup>	266	202
<b>Total aggregate emoluments</b>	<b>6,642</b>	<b>6,066</b>

- 1 During the year, three Directors (2015: three) exercised share options, and received shares under the Long Term Incentive Plan (LTIP) and Share Matching Scheme (SMS). No former Director (2015: one) additionally exercised share options under the LTIP scheme during the year. A total of 26,552 shares with a market value of £948,000 were exercised, moreover, of the 26,552 shares 17,500 relate to the highest paid director.

The total aggregate emoluments of the highest paid Director were £3,722,000 (2015: £3,176,000), including LTIP payments of £626,000 (2015: £165,000) and pension benefits of £590,000 (2015: £480,000).

#### Directors' pensions

Retirement benefits are accruing under a defined benefit scheme, in respect of qualifying services of all of the Company's Directors, with the exception of any Director whose services to the Company commenced after 30 September 2010 in which case retirement benefits are accruing on a defined contribution basis.

Company contributions paid to two Directors (2015: one) in respect of the UK defined contribution scheme were £20,000 (2015: £28,000).

The accrued pension of the highest paid Director in continuing service, payable from normal retirement age and calculated as if they had left service at the year end, was £219,000 (2015: £192,000).

### 7. Finance income

(In £ million)	2016	2015
Interest receivable from Group undertakings	1	7
Fair value gains associated with re-translation of investments	126	-
	<b>127</b>	<b>7</b>

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 8. Finance costs

(In £ million)	2016	2015
Interest payable to Group undertakings	330	189
Fair value losses associated with hedges on foreign currency movements on investments	125	-
	<b>455</b>	<b>189</b>

### 9. Taxation

#### Analysis of charge in the year

(In £ million)	2016	2015
Current tax		
UK corporation tax on profits for the year	23	51
Controlled foreign company charge	11	-
Adjustments in respect of prior years	(42)	7
<b>Total current tax</b>	<b>(8)</b>	<b>58</b>
Deferred tax		
Origination and reversal of timing differences	(1)	(1)
Adjustments in respect of prior years	4	(5)
Movement in respect of pension scheme	13	6
<b>Total deferred tax</b>	<b>16</b>	<b>-</b>
<b>Total tax on ordinary activities</b>	<b>8</b>	<b>58</b>

#### Factors affecting the tax charge for the year

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20.0 per cent (2015: 20.5 per cent). The differences are explained as follows:

(In £ million)	2016	2015
Profit before taxation	5,379	506
Profit before tax multiplied by standard rate of corporation tax in the UK of 20.0 per cent (2015: 20.5 per cent).	1,076	104
<b>Tax effects of:</b>		
Group relief claimed	(54)	(31)
Movement in respect of pension scheme	13	6
UK-UK transfer pricing adjustment	33	(13)
Income not subject to tax	(1,047)	(47)
Adjustments in respect of prior years	(38)	2
FRS 101 transition	-	7
Controlled foreign company charge	11	-
Adjustments in respect of current year	14	30
<b>Total tax charged to the income statement</b>	<b>8</b>	<b>58</b>

The corporation tax credit for the year has been adjusted by £54 million (2015: £31 million) due to the claim of group relief for nil consideration from (2015: from) other Imperial Brands PLC companies.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 9. Taxation (continued)

#### Movements in current tax liability

(In £ million)	2016	2015
As at 1 October	76	20
(Credited)/charged to the income statements	(8)	58
Cash paid and balance sheet movements	31	(2)
<b>As at 30 September</b>	<b>99</b>	<b>76</b>

#### Factors affecting future tax charges

There is no guarantee that the surrender of group tax losses by other Group undertakings will occur in the future.

The current year tax rate of 20.0 per cent arises from losses being taxed at 20.0 per cent until 31 March 2016.

The rate of corporation tax was reduced by 1.0 per cent from 21.0 per cent to 20.0 per cent from 1 April 2015. Further reductions to 19.0 per cent on 1 April 2017 and 17.0 per cent on 1 April 2020 were enacted at the balance sheet date.

### 10. Dividends

(In £ million)	2016	2015
Final dividend paid 2015 of £31.22 per share (2014: £37.17 per share)	588	700
Interim dividend paid 2016 of £188.25 per share (2015: nil)	3,545	-
<b>Total ordinary share dividend paid</b>	<b>4,133</b>	<b>700</b>

The Directors have proposed a final dividend of £90.01 (2015: £31.22) per ordinary share amounting to £1,695 million. This dividend has not been accounted for within the current year financial statements as it has yet to be approved.

### 11. Intangible assets

(In £ million)	Software	Total
Cost		
At 1 October 2015	37	37
Additions	23	23
Disposals	(5)	(5)
At 30 September 2016	55	55
Accumulated amortisation and impairment		
At 1 October 2015	13	13
Amortisation charge for the year	2	2
Disposals	(5)	(5)
At 30 September 2016	10	10
<b>Net book value</b>		
<b>At 30 September 2016</b>	<b>45</b>	<b>45</b>
<b>At 30 September 2015</b>	<b>24</b>	<b>24</b>

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 12. Investments

(In £ million)	Shares in subsidiary undertakings	Imperial Brands PLC shares	Total
At 1 October 2015	24,072	14	24,086
Additions	-	25	25
Sale of shares	-	(26)	(26)
Exchange movements	1,483	-	1,483
<b>At 30 September 2016</b>	<b>25,555</b>	<b>13</b>	<b>25,568</b>

#### Investment in subsidiary undertakings

The Directors believe that the carrying value of the investments is supported by their underlying assets.

#### Investment in Imperial Brands PLC shares

The investment in Imperial Brands PLC shares consists of shares in Imperial Brands PLC held by the Imperial Tobacco Group PLC Employee and Executive Benefit Trust and the Imperial Tobacco Group PLC 2001 Employee Benefit Trust (the Trusts). These Trusts have been established to acquire ordinary shares in Imperial Brands PLC to satisfy rights to shares arising on the exercise of share-based employee benefit plans.

At 30 September 2016, the Trusts held 3.5 million (2015: 3.2 million) ordinary shares. These are accounted for on a first in first out basis and comprise 3.0 million (2015: 2.8 million) treasury shares gifted to the Trusts by Imperial Brands PLC of which 1.6 million ordinary shares were gifted in the year (2015: nil), and 0.5 million (2015: 0.4 million) ordinary shares acquired in the open market at a cost of £13.2 million (2015: £7.9 million) from funds provided by Imperial Tobacco Limited. The acquisition of shares by the Trusts has been financed by a gift of £19.2 million (2015: £19.2 million) and an interest free loan of £181.9 million (2015: £181.9 million). £1.3 million (£1.0 million) of shares were distributed by the Trusts during the year.

None (2015: none) of the Trusts' shares has been allocated to employees or Directors as at 30 September 2016.

All finance costs and administration expenses connected with the Trusts are charged to the profit and loss account of Imperial Tobacco Limited as they accrue. The Trusts have waived their rights to dividends.

The market value of the shares held by the Trusts at 30 September 2016 was £139 million (2015: £109 million).

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 13. Property, plant and equipment

(In £ million)	Land and buildings	Plant and machinery	Fixtures and motor vehicles	Total
<b>Cost</b>				
At 1 October 2015	58	256	64	378
Additions	-	1	3	4
Transfers	-	(4)	-	(4)
Disposals	(1)	(45)	(2)	(48)
At 30 September 2016	57	208	65	330
<b>Accumulated depreciation and impairment</b>				
At 1 October 2015	16	244	42	302
Depreciation charge for the year	1	4	9	14
Impairment charge for the year	-	3	-	3
Transfers	-	(2)	-	(2)
Disposals	(1)	(41)	(3)	(45)
At 30 September 2016	16	208	48	272
<b>Net book value</b>				
At 30 September 2016	41	-	17	58
At 30 September 2015	42	12	22	76

The impairment charge for the year is £3 million (2015: £38 million), relating to the write-down of tangible fixed assets to their recoverable amount, following the announced closure of the Nottingham factory.

#### Land and buildings net book value

(In £ million)	2016	2015
Freehold	33	33
Long leasehold	8	9
	41	42

### 14. Inventories

(In £ million)	2016	2015
Raw materials	-	23
Work in progress	-	2
Finished inventories	155	65
	155	90



# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 15. Debtors: amounts falling due within one year

(In £ million)	2016	2015
Trade receivables	262	375
Amounts owed by group undertakings	412	639
Prepayments and accrued income	6	5
	<b>680</b>	<b>1,019</b>

Amounts owed by group undertakings are unsecured, have no fixed date for repayment and are repayable on demand. Within the £412 million, £137 million is denominated in euros.

### 16. Creditors: amounts falling due within one year

(In £ million)	2016	2015
Trade payables	17	36
Amounts owed to group undertakings	7,970	7,091
Bank loans and overdrafts	-	1,214
Corporation tax	99	76
Other taxes, duties and social security contributions	546	540
Accruals and deferred income	104	90
	<b>8,736</b>	<b>9,047</b>

Amounts owed to group undertakings are unsecured and due within a year. Within the £7,970 million, £7,215 million is denominated in euros.

The Company is party to a notional cash pooling agreement, which has a net overdraft facility attached to it that is shared amongst the Group companies within the cash pool. The rate of interest that is applied to this overdraft is a margin over base rate and is applied to the header account only.

### 17. Provisions for liabilities

(In £ million)	Restructuring	Other	Total
At 1 October 2015	44	3	47
Charged in the year	8	2	10
Utilised in the year	(35)	-	(35)
Unused amounts reversed	(4)	-	(4)
At 30 September 2016	13	5	18

(In £ million)	2016	2015
Current	15	44
Non-current	3	3
	<b>18</b>	<b>47</b>

The restructuring provision relates primarily to the announced proposed closure of the Nottingham factory, which reflects declining industry volumes in Europe, impacted by tough economic conditions, increasing regulation and excise and growth in illicit trade.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 18. Deferred tax assets

The provision for deferred tax consists of the following deferred tax assets:

(In £ million)	2016	2015
Deferred tax assets due within 12 months	7	4
Deferred tax assets due after more than 12 months	12	19
	<b>19</b>	<b>23</b>

### Deferred tax assets

(In £ million)	Excess of capital allowances	Short-term timing differences	Total
At 1 October 2015	16	7	23
Charged to the income statement	(1)	(3)	(4)
At 30 September 2016	15	4	19

(In £ million)	Excess of capital allowances	Short-term timing differences	Total
At 1 October 2014	8	9	17
Credited/(charged) to the income statement	8	(2)	6
At 30 September 2015	16	7	23

The analysis of deferred taxation provided does not include the full potential liability in relation to the Imperial Tobacco Pension Fund which has been deducted from the pension asset (note 19).

### 19. Retirement benefit schemes

The Company participates, together with other Group companies, in a pension scheme for its employees, the Imperial Tobacco Pension Fund (the Scheme), which is of a defined benefit type. The assets of the Scheme are held in trustee administered funds. The Scheme provides retirement benefits primarily on the basis of members' final salary and length of service. As it has not been possible to identify the underlying assets and liabilities attributable to each participating company on a consistent and reasonable basis the Company recognises the entire Scheme in these financial statements as the "sponsoring company" in the Scheme.

The Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Scheme's assets are held by the trust.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 19. Retirement benefit schemes (continued)

Annual increases in benefits in payment are dependent on inflation so the main uncertainties affecting the level of benefits payable under the Scheme are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity of the membership.

The contributions paid to the Scheme are set by the Scheme Actuary every three years. The Scheme Actuary is an external consultant, appointed by the Trustees. Principal factors that the Scheme Actuary will have regard to include the covenant offered by the Company, the level of risk in the Scheme, the expected returns on the Scheme's assets, the results of the funding assessment on an ongoing basis and the expected cost of securing benefits if the fund were to be discontinued.

The latest valuation of the Scheme was carried out as at 31 March 2013 when the market value of the invested assets was £2,957 million. Based on the ongoing funding target the total assets were sufficient to cover 100 per cent of the benefits that had accrued to members for past service, after allowing for expected future pay increases. The total assets were sufficient to cover 90 per cent of the total benefits that had accrued to members for past service and future service benefits for current members. In compliance with the Pensions Act 2004, Imperial Tobacco Limited and the Trustee agreed a scheme-specific funding target, a statement of funding principles and a schedule of contributions accordingly.

Following the valuation, the level of employer's contributions to the scheme was increased from £31 million per year. The Company paid £47.5 million on 31 March 2014, £52.5 million on 31 March 2015 and £57.5 million on 31 March 2016 and agreed to pay £65 million each year for the subsequent 12 years. Further contributions were agreed to be paid by the Company in the event of a downgrade of the Group's credit rating to non-investment grade by either Standard & Poor's or Moody's. In addition, surety guarantees with a total value of £400 million and a parental guarantee with Imperial Brands PLC have been put in place. The contributions agreed, plus the surety guarantees, cover the expected discontinuance cost as at the valuation date.

The IAS 19 liability measurement of the defined benefit obligation (DBO) and the current service cost are sensitive to the assumptions made about future inflation and salary growth levels, as well as the assumptions made about life expectation. They are also sensitive to the discount rate, which depends on market yields on sterling denominated AA corporate bonds. The main differences between the funding and IAS 19 assumptions are a more prudent longevity assumption for funding and a different approach to setting the discount rate. A consequence of the Scheme's investment strategy, with a significant proportion of the assets invested in equities and other return-seeking assets, is that the difference between the market value of the assets and the IAS 19 liabilities may be relatively volatile.

The Scheme Actuary prepares an annual update of the funding position as at 31 March each year. The latest actuarial valuation (31 March 2016) is currently being undertaken but the outcome of this valuation is not yet concluded. The previous annual update at 31 March 2015 showed a surplus of £329 million in relation to past service accrued benefits.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 19. Retirement benefit schemes (continued)

The aggregate IAS 19 position is as follows:

(In £ million)	2016			2015		
	DBO	Assets	Total	DBO	Assets	Total
At 1 October	(3,093)	3,178	85	(3,066)	3,094	28
Consolidated income statement expense						
Current service cost	(25)	-	(25)	(26)	-	(26)
Cost of termination benefits	(3)	-	(3)	(1)	-	(1)
Net interest (expense)/income on net defined benefit (liability)/asset	(112)	116	4	(120)	122	2
Administration costs paid from plan assets	-	(2)	(2)	-	(2)	(2)
(Cost)/income recognised in the income statement	(140)	114	(26)	(147)	120	(27)
Remeasurements						
Actuarial gain due to liability experience	47	-	47	30	-	30
Actuarial loss due to financial assumption changes	(947)	-	(947)	(59)	-	(59)
Return on plan assets excluding amounts included in net interest income above	-	437	437	-	60	60
Remeasurement effects recognised in other comprehensive income	(900)	437	(463)	(29)	60	31
Cash						
Employer contributions	-	57	57	-	53	53
Employee contributions	(1)	1	-	(1)	1	-
Benefits paid from plan assets	155	(155)	-	150	(150)	-
Net cash	154	(97)	57	149	(96)	53
At 30 September	(3,979)	3,632	(347)	(3,093)	3,178	85
Deferred tax asset/(liability)			58			(17)
At 30 September, net of deferred taxation			(289)			68

### Assets and liabilities recognised on the balance sheet

(In £ million)	2016	2015
Retirement benefit assets	3,632	3,178
Retirement benefit liabilities	(3,979)	(3,093)
Deferred tax asset/(liability) on retirement benefit assets/(liabilities)	58	(17)
	(347)	85

### Retirement benefit scheme costs charged to operating profit

(In £ million)	2016	2015
Retirement benefit costs in operating profit	30	29
Retirement contribution costs in operating profit	4	4
Total retirement scheme costs in operating profit	34	33

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 19. Retirement benefit schemes (continued)

Split as follows in the income statement:

(In £ million)	2016	2015
Cost of sales	1	1
Distribution, advertising and selling costs	10	10
Administrative and other expenses	23	22
<b>Total retirement scheme costs in operating profit</b>	<b>34</b>	<b>33</b>

### Key figures and assumptions used in the Scheme

(In £ million unless otherwise indicated)	2016	2015
Defined benefit obligation	3,979	3,093
Fair value of scheme assets	(3,632)	(3,178)
Net defined benefit liability/(asset)	347	(85)
Current service cost	25	26
Employer contributions	57	53
Principal actuarial assumptions used (% per annum)		
Discount rate	2.3	3.7
Future salary increases	3.5	3.5
Future pension increases	3.0	3.0
Inflation	3.0	3.0

	2016		2015	
Life expectancy at age 65 years	Male	Female	Male	Female
Member currently aged 65	21.7	23.1	21.6	23.0
Member currently aged 50	23.0	24.6	22.9	24.5

### Sensitivity analysis for key assumptions at the end of the reporting year

Sensitivity analysis is illustrative only and is provided to demonstrate the degree of sensitivity of results to key assumptions. Generally, estimates are made by re-performing calculations with one assumption modified and all others held constant.

% increase in DBO	2016	2015
Discount rate: 0.5% decrease	10.3	8.1
Rate of inflation: 0.5% decrease	(8.1)	(6.6)
One year increase in longevity for a member currently age 65, corresponding changes at other ages	3.5	3.5

The sensitivity to the inflation assumption change includes corresponding changes to the future salary increases and future pension increases assumptions, but is assumed to be independent of any change to discount rate.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 19. Retirement benefit schemes (continued)

An approximate split of the major categories of the Scheme assets is as follows:

(In £ million unless otherwise indicated)	2016		2015	
	Fair value	Percentage of Scheme assets	Fair value	Percentage of Scheme assets
Equities	1,598	44	1,380	43
Bonds - index linked government	981	27	762	24
Bonds - corporate and other	581	16	536	17
Property	436	12	455	15
Other - including derivatives, commodities and cash	36	1	45	1
Fair value of scheme assets before deferred tax	3,632	100	3,178	100

The majority of the assets are quoted. Absolute return pooled funds are in overseas, non-quoted assets.

Excluding any self-investment through pooled fund holdings, the Imperial Tobacco Pension Fund investments in financial instruments of Imperial Brands PLC amounted to £6 million (2015: £2 million).

### 20. Share capital

(In £ million)	2016	2015
Authorised, allotted, called up and fully paid		
18,831,139 ordinary shares of £1 each (2015: 18,831,139)	19	19

### 21. Capital commitments

(In £ million)	2016	2015
Contracted future expenditure but not provided in the financial statements	30	30

### 22. Legal proceedings

The Company is not facing any litigation in the UK. See note 3 for further details.

### 23. Share schemes

The Group operates four types of share-based incentive programmes, designed to incentivise staff and to encourage them to build a stake in the Group.

#### Share Matching Scheme

The purpose of the Share Matching Scheme is to encourage eligible employees to acquire and retain Imperial Tobacco Group PLC ordinary shares.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 23. Share schemes (continued)

Directors and most of the Company's management may elect to invest any proportion of their Share Matching Scheme Eligible Bonus in Imperial Brands PLC ordinary shares to be held by the Employee Benefit Trusts. Provided the shares are left in the Trusts for three years and the individual remains in employment within the Group, the individual will retain the original shares, including dividend roll-up, and receive additional shares on a one-for-one basis.

With effect from the 2015 scheme, awards to Executive Directors of Imperial Brands PLC under the Share Matching Scheme have been withdrawn with the previous benefit consolidated into the Long Term Incentive Plan. Further information relating to the performance criteria is set out in the Annual Report of Imperial Brands PLC.

#### Long Term Incentive Plan (LTIP)

Annual conditional awards have been made to Directors and other senior executives. The conditional awards, which vest three years after grant, including dividend roll-up, are subject to the satisfaction of specified performance criteria measured over a three year performance period. Further information relating to the performance criteria and the terms of the LTIP are set out in the Annual Report of Imperial Brands PLC.

#### Sharesave Plan

Under the International Sharesave Plan the Imperial Brands PLC Board may offer options to purchase ordinary shares in Imperial Brands PLC to employees who enter into a savings contract. The price at which options may be offered varies depending on local laws, but will not be less than 80 per cent of the closing mid-market price of an Imperial Brands PLC ordinary share on the London Stock Exchange on the day prior to invitation. The options may normally be exercised during the six months after expiry of the savings contract, three years after entering the Plan.

Under the UK Sharesave Plan, which is part of the Group's International Sharesave Plan, the Imperial Brands PLC Board may offer options to purchase ordinary shares in Imperial Brands PLC to UK employees who enter into an HM Revenue and Customs approved Save as You Earn (SAYE) savings contract. The options may normally be exercised during the six months after the expiry of the SAYE contract, three years after entering the UK Sharesave Plan.

#### Discretionary Share Awards Plan (DSAP)

Under the DSAP, one-off conditional awards are made to individuals to recognise exceptional contributions within the business. Awards, which are not subject to performance conditions and under which vested shares do not attract dividend roll-up, will normally vest on the third anniversary of the date of grant subject to the participant's continued employment. The limit of an award under the DSAP is capped at 25 per cent of the participant's salary at the date of grant. Shares used to settle awards under the DSAP will be market purchased.

### Analysis of the charge to the income statement

(In £ million)	2016	2015
Share Matching Scheme	6	8
Long Term Incentive Plan	5	2
Sharesave Plan	1	1
	12	11

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 23. Share schemes (continued)

#### Reconciliation of movements in awards/options

2016					Sharesave weighted average exercise price (£)
Thousands of shares unless otherwise indicated	Share Matching awards	LTIP awards	Sharesave awards	DSAP awards	
Outstanding at 1 October 2015	779	662	454	-	20.70
Transfers	-	-	1	-	14.04
Granted	213	277	77	19	29.68
Lapsed/cancelled	(75)	(90)	(18)	-	22.40
Exercised	(212)	(25)	(166)	-	18.43
Outstanding at 30 September 2016	705	824	348	19	23.67
Exercisable at 30 September 2016	-	-	4	-	18.35

2015					Sharesave weighted average exercise price (£)
Thousands of shares unless otherwise indicated	Share Matching awards	LTIP awards	Sharesave awards		
Outstanding at 1 October 2014	746	564	531		19.02
Granted	230	329	109		25.40
Lapsed/cancelled	(42)	(213)	(32)		19.71
Exercised	(155)	(18)	(154)		18.51
Outstanding at 30 September 2015	779	662	454		20.70
Exercisable at 30 September 2015	-	-	7		19.91

The weighted average Imperial Brands PLC share price at the date of exercise of awards and options was £36.24 (2015: £29.71). The weighted average fair value of Sharesave options granted during the year was £6.68 (2015: £5.84).

#### Summary of awards/options outstanding at 30 September 2016

Thousands of shares unless otherwise indicated	Number of awards/options outstanding	Vesting period remaining in months	Exercise price of options outstanding (£)
<b>Share Matching Scheme</b>			
2014	283	4	n/a
2015	209	16	n/a
2016	213	28	n/a
Total awards outstanding	705		
<b>Long Term Incentive Plan</b>			
2014	225	1	n/a
2015	322	17	n/a
2016	277	29	n/a
Total awards outstanding	824		



# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 23. Share schemes (continued)

Thousands of shares unless otherwise indicated	Number of awards/ options outstanding	Vesting period remaining in months	Exercise price of options outstanding
<b>Sharesave Plan</b>			
2011			
2012	28	-	20.45
2013	36	-	18.40
2014	107	10	20.40
2015	100	22	25.40
2016	77	34	29.68
Total awards outstanding	348		
<b>Discretionary Shares Awards Plan</b>			
2016	19	26	n/a
Total awards outstanding	19		

The vesting period is the period between the grant of awards or options and the earliest date on which they are exercisable. The vesting period remaining and the exercise price of options outstanding are weighted averages. Participants in the Sharesave Plan have six months from the maturity date to exercise their option. Participants in the LTIP have up to seven years from the end of the vesting period to exercise their option. The exercise price of the options is fixed over the life of each option.

#### Pricing

For the purposes of valuing options to calculate the share-based payment charge, the Black-Scholes option pricing model has been used for the Share Matching Scheme and Sharesave Plan. A summary of the assumptions used in the Black-Scholes model for 2016 and 2015 is as follows:

	2016			2015	
	Share matching	Sharesave	DSAP	Share matching	Sharesave
Risk-free interest rate	0.8%	0.1%-0.3%	1.0%	1.1%	0.3%-1.5%
Volatility	23.4%	22.8%-23.8%	23.4%	22.5%	22.5%-23.0%
Expected lives of options granted	3 years	3 years	3 years	3 years	3 years
Dividend yield	5.4%	4.6%-5.2%	5.4%	5.2%	5.1%
Fair value	£30.25	£6.14-£6.69	£31.45	£25.88	£5.33-£6.18
Share price used to determine exercise	£35.54	£37.10-£37.51	£36.54	£30.25	£32.67
Exercise price	n/a	£29.68	n/a	n/a	£25.40

Market conditions were incorporated into the Monte Carlo method used in determining the fair value of LTIP awards at grant date. Assumptions in 2016 and 2015 are given in the following table.

(%)	2016	2015
Future Imperial Tobacco Group share price volatility	19	18
Future Imperial Tobacco Group dividend yield	4	5
Share price volatility of the tobacco and alcohol comparator group	16 - 35	14 - 32
Correlation between Imperial Tobacco and the alcohol and tobacco comparator group	37	30

# **IMPERIAL TOBACCO LIMITED**

## **Notes to the Financial Statements**

### **24. Related party transactions**

The Company has taken advantage of the Group exemption under the terms of IAS 24 from disclosing related party transactions with entities that are part of the Group since the Company is a wholly owned subsidiary of Imperial Brands PLC and is included in the consolidated financial statements of the Group, which are publicly available.

### **25. Guarantees**

The Company is party to a cross guarantee of its bank accounts held at HSBC Bank plc against accounts of its ultimate parent, Imperial Brands PLC, and fellow subsidiary companies.

At 30 September 2016, the amount under this cross guarantee was £nil (2015: £nil).

The Company has given a guarantee to Her Majesty's Revenue & Customs in respect of any future tax liabilities of Imperial Tobacco International Limited on its migration to Germany. Imperial Tobacco International Limited is a fellow subsidiary of Imperial Brands PLC.

Together with Imperial Tobacco Brands PLC, the Company guarantees all outstandings under two committed credit facilities dated 15 July 2014 and 9 June 2015 respectively; from 31 May 2002 all existing issues from a €15 billion debt issuance programme; from 11 February 2013 two bond issues totalling US\$2.25 billion issued in the United States of America; and from 21 July 2015 four further bond issues totalling US\$4.5 billion issued in the United States of America.

At 30 September 2016, the contingent liabilities totalled £16,324 million (2015: £13,495 million).

The Directors have assessed the fair value of the above guarantees and do not consider them to be material. They have, therefore, not been recognised on the balance sheet.

### **26. First-time adoption of FRS 101**

This is the first year in respect of which the Company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 30 September 2015 were prepared under 'old UK GAAP'. The date of transition to FRS 101 for the Company is 1 October 2014. Set out below are descriptions of the various implementation options applied by the Company in preparing the financial statements for the year ending 30 September 2016, as well as reconciliations from 'old UK GAAP' to FRS 101 for both total comprehensive income for the year ended 30 September 2015 and total equity as at 1 October 2014 and 30 September 2015.

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 26. First-time adoption of FRS 101 (continued)

#### Mandatory exceptions to retrospective application

Mandatory exceptions to retrospective application in IFRS 1 applied in converting from 'old UK GAAP' to FRS 101 are detailed below:

#### *Hedge accounting exception*

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in IAS 39 at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 October 2014 are reflected as hedges in the Company's results under FRS 101.

#### *Exception for estimates*

Estimates made as at 1 October 2014 under FRS 101 are consistent with those made previously under 'old UK GAAP'.

### Reconciliation of Total Comprehensive Income for the year ended 30 September 2015

(In £ million)	Note	2015
<b>Profit for the financial year - UK GAAP as previously reported</b>		478
Pension interest	A	(37)
Deferred tax on pension interest	A	7
<b>Profit for the financial year - FRS 101</b>		448
<b>Other comprehensive expense - UK GAAP as previously reported</b>		(99)
Pension interest	A	37
Deferred tax on pension interest	A	(7)
<b>Other comprehensive expense - FRS 101</b>		(69)
<b>Total comprehensive income - FRS 101</b>		379

#### *Note A*

Under 'old UK GAAP' the Company recognised an expected return on defined benefit plan assets, net of associated deferred tax, in the profit and loss account. Under IFRS a net interest expense, based on the net defined benefit liability, is recognised in the income statement. There has been no change in the defined benefit liability at either 1 October 2014 or 30 September 2015. The effect of the change has been to reduce the credit to the income statement in the year to 30 September 2015 by £37 million, and increase the tax charge by £7 million. Other comprehensive income has been adjusted by an equivalent amount. There has been no change to total equity.

### Reconciliation of Total Equity at 1 October 2014 and 30 September 2015

(In £ million)	Note	1 October 2014	30 September 2015
<b>Total equity - UK GAAP as previously reported and FRS 101</b>		16,591	16,292

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings

The ultimate parent undertaking and controlling party of the Company at 30 September 2016 was Imperial Brands PLC, a company incorporated in Great Britain and registered in England and Wales. The smallest and largest group in which the results of the Company are consolidated is that headed by Imperial Brands PLC, whose consolidated financial statements may be obtained from the Company Secretary, 121 Winterstoke Road, Bristol, BS3 2LL.

The immediate parent undertaking of Imperial Tobacco Limited at 30 September 2016 was Imperial Tobacco Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates, and joint ventures, the principal activity, the country of incorporation and the effective percentage of equity owned, as at 30 September 2016 are disclosed below.

#### Subsidiaries: Registered in England and Wales, wholly owned

Name	Principal activity
Attendfriend Limited	Dormant
British Tobacco Company Limited	Dormant
Congar International UK Limited	Dormant
Fontem UK Limited	In liquidation
Imperial Brands Enterprise Finance Limited	Providing treasury services to other Group companies
Imperial Tobacco Group Limited	Dormant
Imperial Investments Limited	Dormant
Imperial Tobacco Altadis Limited	Provision of finance to other Group companies
Imperial Tobacco Capital Assets (1) <sup>(xi)</sup>	Provision of finance to other Group companies
Imperial Tobacco Capital Assets (2) <sup>(xi)</sup>	Provision of finance to other Group companies
Imperial Tobacco Capital Assets (3) <sup>(xi)</sup>	Provision of finance to other Group companies
Imperial Tobacco Capital Assets (4)	Provision of finance to other Group companies
Imperial Tobacco Holdings (1) Limited <sup>(iv) (xi)</sup>	Holding investments in subsidiary companies
Imperial Tobacco Initiatives <sup>(xi)</sup>	Provision of finance to other Group companies
Imperial Tobacco International Limited	Export and marketing of tobacco products
Imperial Tobacco Lacroix Limited <sup>(xi)</sup>	Provision of finance to other Group companies
Imperial Tobacco Overseas (Polska) Limited	Holding investments in subsidiary companies
Imperial Tobacco Overseas Holdings (1) Limited <sup>(viii)</sup>	Holding investments in subsidiary companies
Imperial Tobacco Overseas Holdings (2) Limited	Holding investments in subsidiary companies
Imperial Tobacco Overseas Holdings (3) Limited	Holding investments in subsidiary companies
Imperial Tobacco Overseas Holdings Limited	Holding investments in subsidiary companies
Imperial Tobacco Overseas Limited <sup>(x)</sup>	Holding investments in subsidiary companies
Imperial Tobacco Pension Trustees (Burlington House) Limited	Dormant
Imperial Tobacco Pension Trustees Limited <sup>(iv)</sup>	Dormant
ITG Brands Limited <sup>(xi)</sup>	Holding investments in subsidiary companies
Joseph & Henry Wilson Limited	Licencing rights for manufacture and sale of tobacco products
La Flor de Copan UK Limited	Holding investments in subsidiary companies
Park Lane Tobacco Company Limited	Dormant
Rizla UK Limited	Entity ceased trading
Sinclair Collis Limited <sup>(iv)</sup>	Distributor of tobacco products in England, Scotland and Wales
Tabacalera de Garcia UK Limited	Holding investments in subsidiary companies

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

#### Subsidiaries: Incorporated overseas, wholly owned

Name	Country of incorporation	Principal activity
800 JR Cigar Inc	United States of America	Holding investments in subsidiary companies
Altadis Canarias SAU <sup>(iii)</sup>	Spain	Marketing and sale of tobacco products in the Canary Islands
Altadis Emisiones Financieras SAU	Spain	Provision of finance to Altadis SA and its subsidiaries
Altadis Holdings USA Inc	United States of America	Holding investments in subsidiary companies
Altadis Luxembourg SA	Luxembourg	Holding investments in subsidiary companies
Altadis Management Services Corporation	United States of America	Trademark service company
Altadis Mayotte SAS	France, Mayotte Island	Sales and distribution of tobacco products in Mayotte Island
Altadis Middle East FZCO	United Arab Emirates	Sales and marketing of tobacco products in the Middle East
Altadis Ocean Indien SAS	France (La reunion Island)	Sales and distribution of tobacco products in la Reunion Island
Altadis Retail Corporation	United States of America	Trademark owner
Altadis S.A.U.	Spain	Manufacture, sales and distribution of tobacco products in Spain
Altadis Shade Company LLC	United States of America	Manufacture and sale of tobacco products in the US
Altadis USA Inc	United States of America	Manufacture and sale of cigars in the US
Association pour la Recherche sur les Nicotianées (ARN)	France	Research and development
Athena IP Vermögensverwaltungs GmbH	Germany	Davidoff cigarette trademark owner
Badische Tabakmanufaktur Roth-Händle GmbH,	Germany	Trademark owner
Cacique, SA - Comércio, Importação e Exportação	Brazil	Dormant
Casa Blanca Inc	United States of America	Restaurant
Casa de Montecristo Inc	United States of America	Retail
Casa de Montecristo TX Inc	United States of America	Retail
CBHC Inc	United States of America	Dormant
Cigar Savor Enterprises LLC	United States of America	Manufacture of tobacco products
Commonwealth Brands Inc	United States of America	Manufacture and sale of tobacco products in the US

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

Subsidiaries: Incorporated overseas, wholly owned		
Name	Country of incorporation	Principal activity
Commonwealth-Altadis, Inc	United States of America	Sales and distribution of tobacco products in the US
Congar International Corp (Delaware)	United States of America	Manufacturing and distribution of mass market cigars
Conneticut Shade Corporation	United States of America	Holding investments in subsidiary companies
Consolidated Cigar Holdings Inc <sup>(vii)</sup>	United States of America	Holding investments in subsidiary companies
Coralma International SAS	France	Holding investments in subsidiary companies
Cuban Cigar Brands BV <sup>(v)</sup>	Netherlands	Trademark owner
Direct Products Inc (Inactive)	Antilles	
Dunkerquoise des Blends SAS	United States of America	Holding investments in subsidiary companies
East Side Cigar, Inc	France	Tobacco processing
Ets L Lacroix Fils NV/SA	United States of America	Production and distribution of cigars
Fontem (Beijing) Technology Solution	Belgium	Manufacture and sale of tobacco products in Belgium
Fontem Holdings 1 B.V.	People's Republic of China	Research and development
Fontem Holdings 2 B.V.	The Netherlands	Holding investments in subsidiary companies
Fontem Holdings 3 B.V.	The Netherlands	Holding investments in subsidiary companies
Fontem Holdings 4 B.V.	The Netherlands	Holding investments in subsidiary companies
Fontem Holdings B.V.	The Netherlands	Holding investments in subsidiary companies
Fontem International GmbH	The Netherlands	Holding investments in subsidiary companies
Fontem US, Inc.	Germany	Holding investments in subsidiary companies
Fontem Ventures B.V.	United States of America	Sales and marketing of tobacco products in the US
Gauloises Inc.	The Netherlands	Holding investments in subsidiary companies
Huotraco International Limited	United States of America	Dormant
Imperial Brands Finance France SAS	Cambodia	Production and marketing of tobacco products
Imperial Nominees Limited <sup>(ii)</sup>	France	Provision of finance to other Group companies
Imperial Tobacco (Asia) Pte. Ltd.,	New Zealand	Trustee Company
Imperial Tobacco (Beijing) Limited <sup>(i)</sup>	Singapore	Trading of tobacco related products
Imperial Tobacco Australia Holdings B.V.	People's Republic of China	Holding investments in subsidiary companies
Imperial Tobacco Australia Limited	The Netherlands	Holding investments in subsidiary companies
Imperial Tobacco Austria Marketing Service GmbH	Australia	Sales and marketing of tobacco products in Australia
Imperial Tobacco BH doo <sup>(i)</sup>	Austria	Marketing of tobacco products in Austria
	Bosnia-Herzegovina	Marketing and distribution of tobacco products in Bosnia

## IMPERIAL TOBACCO LIMITED

### Notes to the Financial Statements

#### 27. Related undertakings (continued)

Subsidiaries: Incorporated overseas, wholly owned		
Name	Country of incorporation	Principal activity
Imperial Tobacco Brasil Comércio de Produtos de Tabaco Ltda.	Brazil	Co-ordinating and monitoring of WEST license productions and distribution of tobacco products
Imperial Tobacco Bulgaria EOOD <sup>(i)</sup>	Bulgaria	Manufacture and sale of tobacco products in Bulgaria
Imperial Tobacco China Limited <sup>(i)</sup>	People's Republic of China	In liquidation
Imperial Tobacco CR s.r.o.	Czech Republic	Sales and marketing of tobacco products in the Czech Republic
Imperial Tobacco Denmark ApS	Denmark	Distribution of tobacco products in Denmark and Greenland
Imperial Tobacco Distribution EOOD <sup>(i)</sup>	Bulgaria	Marketing and distribution of tobacco products in Bulgaria
Imperial Tobacco Distribution Romania srl	Romania	Marketing and distribution of tobacco products in Romania
Imperial Tobacco EFKA Management GmbH	Germany	Manufacture of tobacco products in Germany
Imperial Tobacco España, S.L.U.	Spain	Holding investments in subsidiary companies
Imperial Tobacco Estonia OÜ	Estonia	Sales of tobacco products
Imperial Tobacco Finland Oy	Finland	Sales and marketing of tobacco products in Finland
Imperial Tobacco Germany Finance GmbH	Germany	Holding investments in subsidiary companies
Imperial Tobacco Hellas S.A.	Greece	Sales and marketing of tobacco products in Greece
Imperial Tobacco Holdings (Netherlands) B.V.	The Netherlands	Provision of finance to other Group companies
Imperial Tobacco Holdings International B.V.	The Netherlands	Provision of finance to other Group companies
Imperial Tobacco Ireland Unlimited Company <sup>(iv)</sup>	Ireland	Provision of finance to other Group companies
Imperial Tobacco Italia S.r.l.	Italy	Sales and marketing of tobacco products in Italy
Imperial Tobacco Italy S.r.l.	Italy	Holding investments in subsidiary companies
Imperial Tobacco Japan Kabushiki Kaisha	Japan	Sales and marketing of tobacco products in Japan
Imperial Tobacco Kyrgyzstan LLC <sup>(ii)</sup>	Kyrgyzstan	Marketing and distribution of tobacco products in Kyrgyzstan
Imperial Tobacco Magyarország Dohányforgalmazó Kft (Imperial Tobacco Management (1) Limited	Hungary	Sales and marketing of tobacco products in Hungary
Imperial Tobacco Management (1) Limited	Guernsey	Holding investments in subsidiary companies
Imperial Tobacco Management (2) Limited	Guernsey	Holding investments in subsidiary companies
Imperial Tobacco Management Luxembourg (3) sarl	Luxembourg	Holding investments in subsidiary companies
Imperial Tobacco Marketing Sdn Bhd	Malaysia	Trading of tobacco products
Imperial Tobacco Mullingar	Ireland	Manufacture of fine cut tobacco in the Republic of Ireland
Imperial Tobacco New Zealand Limited	New Zealand	Manufacture and sale of tobacco products in New Zealand
Imperial Tobacco Norway AS	Norway	Sales and marketing of tobacco products in Norway

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

Subsidiaries: Incorporated overseas, wholly owned		
Name	Country of incorporation	Principal activity
Imperial Tobacco Polska Manufacturing SA	Poland	Manufacture of tobacco products in Poland
Imperial Tobacco Polska S.A.	Poland	Manufacture and sale of tobacco products in Poland
Imperial Tobacco Portugal SSPLC	Portugal	Advertising and support management
Imperial Tobacco Sales & Marketing LLC	Russia	Sales and marketing of tobacco products in Russia
Imperial Tobacco SCG doo Beograd <sup>(i)</sup>	Serbia	Marketing and distribution of tobacco products in Serbia
Imperial Tobacco Sigara ve Tutunculuck Sanayi Ve Ticaret A.S.	Turkey	Manufacture of tobacco products in Turkey
Imperial Tobacco Slovakia a.s.	Slovak Republic	Sales and marketing of tobacco products in the Slovak Republic
Imperial Tobacco South Africa S.A.	Panama	Provision of services to other Group companies
Imperial Tobacco Taiwan Co Limited	Taiwan	Sales and marketing of tobacco products in Taiwan
Imperial Tobacco Taiwan Manufacturing Company Limited	Taiwan	Manufacture of tobacco products in Taiwan
Imperial Tobacco Tutun Urunleri Satis Ve Pazarlama A.S.	Turkey	Sales and marketing of tobacco products in Turkey
Imperial Tobacco Ukraine <sup>(i)</sup>	Ukraine	Sales and marketing of tobacco products un Ukraine
Imperial Tobacco US Holdings BV	The Netherlands	Holding investments in subsidiary companies
Imperial Tobacco Volga LLC <sup>(i)</sup>	Russia	Manufacture of tobacco products in Russia
Imperial Tobacco West Africa SAS <sup>(i)</sup>	Cote D'Ivoire	Holding investments in subsidiary companies
Imperial Tobacco Yaroslavl CJSC <sup>(i)</sup>	Russia	Manufacture of tobacco products in Russia
Imperial Tobacco Zagreb doo <sup>(i)</sup>	Croatia	Marketing and distribution of tobacco related products in Croatia
IMPTOB South Africa (Pty) Limited	South Africa	Provision of services to other Group companies
International Marketing Promotional Services Limited	Nigeria	Sales and marketing and of tobacco products in Nigeria
ITB Corporation Limited	Bahamas	Trademark owner
ITG Brands Holdco LLC	United States of America	Holding investments in subsidiary companies
ITG Brands, LLC	United States of America	Marketing and distribution of tobacco products in the US
ITG Holdings USA Inc <sup>(ix)</sup>	United States of America	Holding investments in subsidiary companies
ITI Cigars SL	Spain	Holding investments in subsidiary companies
ITL Pacific (HK) Limited	Hong Kong	Manufacture and sale of tobacco and tobacco related products
J & R Tobacco (New Jersey) Corp	United States of America	Sales of tobacco and tobacco related products



# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

#### Subsidiaries: Incorporated overseas, wholly owned

Name	Country of incorporation	Principal activity
JAW-Invest Oy	Finland	Trademark owner
John Player & Sons Limited	Ireland	Sales and marketing of tobacco products in the Republic of Ireland
John Player Ireland Pension Trustee Limited	Ireland	Trustee Company
JR Cigar (DC) Inc	United States of America	Sales of tobacco and tobacco related products
JR Cigars.com, Inc.	United States of America	Sales of tobacco and tobacco related products
JR Mooresville, Inc	United States of America	Sales of tobacco and tobacco related products
JR Tobacco NC, Inc	United States of America	Sales of tobacco and tobacco related products
JR Tobacco of America Inc	United States of America	Sales of tobacco and tobacco related products
JR Tobacco of Burlington Inc	United States of America	Sales of tobacco and tobacco related products
JR Tobacco of Michigan Inc	United States of America	Sales of tobacco and tobacco related products
JR Tobacco Outlet Inc	United States of America	Sales of tobacco and tobacco related products
JSNM SARL	France	Trademark owner
La Flor de Copan SAS	France	Manufacture of cigars in Honduras
Los Olvidados SRL	Dominican Republic	Manufacture and distribution of cigars
Max Rohr, Inc	United States of America	Trademark owner
MC Management, Inc.	United States of America	Provision of services to other Group companies
Meccarillos France, SA	Luxembourg	Holding investments in subsidiary companies
Meccarillos International, SA	Luxembourg	Holding investments in subsidiary companies
Meccarillos Suisse, SA	Luxembourg	Holding investments in subsidiary companies
Midtown Cigar, Inc.	United States of America	Sales of tobacco and tobacco related products
Millennium Tobacco	Ireland	Provision of finance to other Group companies
Newglade International Unlimited Company	Ireland	Provision of finance to other Group companies
Phillippine Bobbin Corporation	Phillippines	Manufacture of tobacco related products
PT Reemtsma Indonesia	Indonesia	In liquidation
Real Club de Golf la Herrería S.A.	Spain	Management of golf course
REEMARK Gesellschaft für Markenkooperation mbH	Germany	Dormant
Reemtsma Cigarettenfabriken GmbH	Germany	Manufacture and sale of tobacco products in Germany

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

#### Subsidiaries: Incorporated overseas, wholly owned

Name	Country of incorporation	Principal activity
Reemtsma Mexico SA de CV IL	Mexico	In liquidation
Rizla International B.V.	The Netherlands	Holding investments in subsidiary companies
Robert Burton Associates Limited	United States of America	Marketing of papers in the US
Santa Clara Inc	United States of America	Distribution of cigars
Seita Participations SAS	France	Holding investments in subsidiary companies
Seita senegal Sarl	Senegal	Dormant
Skruf Snus AB	Sweden	Manufacture, marketing, sales of tobacco products in Sweden
Société Centrafricaine de Cigarettes SA <sup>(i)</sup>	Central African Republic	Manufacture and distribution of cigarettes in Central African Republic
Société Centrafricaine de Distribution Sarl <sup>(i)</sup>	Central African Republic	Dormant
Société du Mont Nimba Sarl <sup>(i)</sup>	Guinee	Dormant
Société Nationale d'Exploitation Industrielle des Tabacs et Allumettes SAS (SEITA) <sup>(xi)</sup>	France	Manufacture and sale of tobacco products in France, and export of tobacco products
Société pour le Développement du Tabac en Afrique SAS	France	Purchasing company
System Designed to Africa Sarl	Morocco	Distribution of tobacco products
Tabacalera Brands Inc	United States of America	Trademark owner
Tabacalera Brands SLU	Spain	Holding investments in subsidiary companies
Tabacalera de Garcia Limited	Bermunda	Holding investments in subsidiary companies
Tabacalera de Garcia SAS	France	Manufacture of cigars in the Dominican Republic
Tabacalera SLU	Spain	Holding investments in subsidiary companies
Tabacalera USA Inc	United States of America	Holding investments in subsidiary companies
Tahiti Tabacs SASU	France, Papeete (Tahiti)	Distribution of tobacco products in Denmark and Greenland
Tobacco Products Fulfillments, Inc.	United States of America	Fulfilment services
Tobaccor SAS <sup>(v)</sup> <sup>(xi)</sup>	France	Holding investments in subsidiary companies
Tobačna 3DVA, trgovsko podjetje, d.o.o.	Slovenia	Retail of products in Slovenia
Tobačna Grosist d.o.o.	Slovenia	Marketing and distribution in Slovenia
Tobačna Ljubljana d.o.o. <sup>(v)</sup>	Slovenia	Sales and marketing tobacco products in Slovenia
Tobamark International SA	France	Trademark owner
Urex Inversiones SA	Spain	Holding investments in subsidiary companies
Van Nelle Canada Limited <sup>(vii)</sup>	Canada	Import and distribution of tobacco and tobacco related products in Canada

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

#### Subsidiaries: Incorporated overseas, wholly owned

Name	Country of	Principal activity
Van Nelle Tabak Nederland B.V. <sup>(x)</sup>	The Netherlands	Manufacture and sale of tobacco products in the Netherlands
Van Nelle Tobacco International Holdings B.V.	The Netherlands	Sale of tobacco and tobacco related products
West Park Tobacco Inc.	United States of America	Purchase company for US tobaccos

#### Subsidiaries: Incorporated overseas, partly owned

Name	Country of incorporation	Principal activity	Percentage owned
Be To Be Pharma, S.L	Spain	Distribution of pharmaceuticals	70.0
Caribbean Investment Corporation, SA <sup>(i)</sup>	Switzerland	Dormant	50.0
CDM Tampa, LLC	United States of America	Retail	50.0
Comercial Iberoamericana SA <sup>(i)</sup>	Spain	Wholesale and distribution of tobacco products	50.0
Compagnie Agricole et Industrielle des Tabacs Africains SAS	France	Management company	99.9
Compagnie Agricole et Industrielle des Tabacs de Cote D'Ivoire SA, IL <sup>(i)</sup>	Cote D'Ivoire	In Liquidation	74.6
Compagnie Réunionnaise des Tabacs SAS	France (La reunion Island)	Manufacture of cigarettes	98.6
Compañía de Distribución Integral de Publicaciones Logista SLU <sup>(iv)</sup>	Spain	Distribution of published materials and other products	70.0
Compañía de Distribución Integral Logista Holdings, S.A. <sup>(iii)</sup>	Spain	Holding investments in subsidiary companies	70.0
Compañía de Distribución Integral Logista Polska, sp. Z o.o. (SL)	Poland	Distribution of tobacco products in Poland	70.0
Compañía de Distribución Integral Logista S.A.U.	Spain	Distribution of tobacco products in Spain	70.0
Coprova SAS <sup>(i)</sup>	France	Distribution of Cuban cigars in the Caribbean	50.0
Cuba Cigar, S.L. <sup>(i)</sup>	Spain	Distribution of Cuban cigars in the Canary Islands	50.0
Cubacigar (Benelux) N.V. <sup>(i)</sup>	Belgium	Distribution of cigars in Belgium	50.0
Cyberpoint, S.L.U.	Spain	Distribution of POS software	70.0
Dalso, S.R.L <sup>(i)</sup>	Dominican Republic	Distribution of Cuban cigars in Dominican Republic	50.0
Distribérica SA	Spain	Holding investments in subsidiary companies	70.0
Distribución de Publicaciones Siglo XXI, Guadalajara	Spain	Distribution of published materials and other products in Spain	56.0

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

Subsidiaries: Incorporated overseas, partly owned			
Name	Country of incorporation	Principal activity	Percentage owned
Distribuidora de Ediciones SADE, SAU	Spain	Distribution of published materials and other products in Spain	70.0
Distribuidora de las Rias SA	Spain	Distribution of published materials and other products in Spain	70.0
Distribuidora del Este S.A.U.	Spain	Distribution of published materials and other products in Spain	70.0
Distribuidora del Noroeste SL	Spain	Distribution of published materials and other products in Spain	70.0
Dronas 2002, SLU	Spain	Industrial parcel and express delivery service	70.0
Empor - Importação e exportação, SA <sup>(i)</sup>	Portugal	Distribution of tobacco products in Portugal	50.0
Habanos Nordic AB <sup>(i)</sup>	Sweden	Distribution of Cuban cigars in Scandinavia	50.0
Imperial Tobacco Production Ukraine <sup>(i)</sup>	Ukraine	Manufacture of tobacco products in Ukraine	99.9
Imperial Tobacco TKS a.d. <sup>(i)</sup>	Macedonia	Manufacture, marketing and distribution of tobacco products in Macedonia	99.1
Imprimerie Industrielle Ivoirienne SA <sup>(i)</sup>	Cote D'Ivoire	Printing company	72.8
Infifon APS <sup>(i)</sup>	Denmark	Holding investments in subsidiary companies	50.0
Infifon Hong Kong Limited <sup>(i)</sup>	People's Republic of China	Distribution of Cuban cigars in China	50.0
Infifon I, BV <sup>(i)</sup>	The Netherlands	Holding investments in subsidiary companies	50.0
Infifon II NV <sup>(i)</sup>	Netherlands Antilles	Distribution of Cuban cigars in Russia	50.0
ITB Corporation y Cía., S.R.C.	Spain	Trademark owner	86.7
La Mancha 2000, S.A., Sociedad Unipersonal	Spain	Logistics services	70.0
Lao Tobacco Limited <sup>(i)</sup>	Laos	Manufacture and distribution of cigarettes in Laos	53.0
Logesta Deutschland GmbH, Sociedad Unipersonal	Germany	Long haul transportation in Germany	70.0
Logesta France SARL	France	Long haul transportation in France	70.0
Logesta Gestión de Transporte SAU	Spain	Long haul transportation services in Spain	70.0
Logesta Italia, S.R.L., Sociedad Unipersonal	Italy	Long haul transportation in Italy	70.0
Logesta Lusa LDA	Portugal	Long haul transportation in Portugal	70.0
Logesta Polska Sp Zoo	Poland	Long haul transportation in Poland	70.0
Logista France Holding SA	France	Holding investments in subsidiary companies	70.0
Logista France SAS	France	Holding investments in subsidiary companies	70.0
Logista Italia Spa	Italy	Long haul transportation in Italy	70.0

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

#### Subsidiaries: Incorporated overseas, partly owned

Name	Country of incorporation	Principal activity	Percentage owned
Logista Pharma SA	Spain	Distribution of pharmaceuticals	70.0
Logista Promotion et Transport SAS	France	Marketing and distribution of tobacco products in France	70.0
Logista, Transportes, Transitários e Pharma, Lda., Sociedad Unipersonal	Portugal	Industrial parcel delivery and pharmaceutical logistics in Portugal	70.0
Logista-Dis SAU	Spain	Sale of tobacco products in Spain	70.0
MABUCIG (Manufacture Burkinabe de Cigarette)	Burkina Faso	Manufacture of cigarettes in Burkina Faso	72.7
Macotab SAS (Manufacture Corse des Tabacs)	France, Bastia	Manufacture and sales of cigarettes	99.9
Manufacture de Cigarettes du Tchad SA	Chad	Manufacture and distribution of cigarettes in Chad	95.0
Midsid – Sociedade Portuguesa de Distribuição, S.A., Sociedad	Portugal	Wholesale of tobacco and other products	70.0
MTOA SA <sup>(i)</sup>	Senegal	Manufacture and sales of cigarettes in Senegal	97.3
NITAF Limited, IL <sup>(i)</sup>	Nigeria	In Liquidation	50.0
Promotora Vascongada de Distribuciones SA	Spain	Distribution of published materials and other products in Biscay and Santander	70.0
Publicaciones y Libros SA	Spain	Publishing company	70.0
Puro Tabaco SA <sup>(i)</sup>	Argentina	Distribution of Cuban cigars in Argentina and Chile	50.0
Reemtsma Kyrgyzstan OJSC <sup>(i)</sup>	Kyrgyzstan	Manufacture and sale of tobacco products in Kyrgyzstan	98.6
S3T Pte Ltd <sup>(i)</sup>	Singapore	Holding investments in subsidiary companies	51.0
SACIMEM SA <sup>(i)</sup>	Madagascar	Manufacture of cigarettes in Madagascar	65.4
SITAB Industries SA <sup>(i)</sup>	Cote D'Ivoire	Manufacture of cigarettes in Cote D'Ivoire	80.5
SITAR Holding SAS	France (La reunion Island)	Holding investments in subsidiary companies	98.6
Société Africaine d'Impression Industrielle SA <sup>(i)</sup>	Senegal	Manufacture and distribution of cigarettes in Senegal	99.8
Société Allumettiere Française SAS	France	Manufacture and distribution of cigarettes	70.0
Société de Distribution Sénégalaise SA <sup>(i)</sup>	Senegal	In liquidation	97.5
Société des Cigarettes Gabonaises SA <sup>(i)</sup>	Gabon	In liquidation	87.8
Société Industrielle et Agricole du Tabac Tropical SA <sup>(i)</sup>	Congo	Manufacture and distribution of cigarettes in Congo	89.7

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

#### Subsidiaries: Incorporated overseas, partly owned

Name	Country of incorporation	Principal activity	Percentage owned
Société Ivoirienne des Tabacs SA <sup>(ii)</sup> (iii)	Cote D'Ivoire	Manufacture and distribution of cigarettes in Ivory Coast	74.1
Société Marocaine des Tabacs SA	Morocco	Manufacture and distribution of cigarettes in Morocco	99.9
SOCTAM SA <sup>(i)</sup>	Madagascar	Manufacture and distribution of cigarettes in Mali	50.5
Supergroup SAS	France	Wholesale of tobacco products	70.0
T2 Gran Canaria SA	Spain	Pharmaceutical products logistics in Canary Islands	70.0
Top Cigars Corporation LLC <sup>(i)</sup>	Russia	Distributor of Habanos in Russia	50.0
Universal Brands, S.A.	Spain	Trademark owner	86.7
Urecor Comunicación y Medios, S.A.	Spain	In liquidation	75.0
Xinet SA <sup>(i)</sup>	Uruguay	Distribution of Cuban cigars in Uruguay	50.0

#### Associates: Registered in England and Wales

Name	Principal activity	Percentage owned
C H (Downton) Limited <sup>(ix)</sup>	Dormant	25.0
F J (Dowton) Limited	Dormant	25.0
Hunters & Frankau Limited	Dormant	25.0
Incentive Marketing Services (UK) Limited	Dormant	25.0
Jacon Financial Services Limited <sup>(ix)</sup>	Dormant	25.0
Joseph Samuel & Son Limited	Dormant	25.0
Knight Brothers Cigar Shippers Limited	Dormant	25.0
Lancha House Limited	Dormant	25.0
Melbourne Hart & Company Limited	Dormant	25.0
Melbourne Hart Holdings Limited <sup>(ix)</sup>	Dormant	25.0
Morris & Morris Limited	Dormant	25.0
Tabaco Torcido Traders Limited	Dormant	25.0
The English Import Company Limited	Dormant	25.0
Tropic Tobacco Company Limited	Dormant	25.0

#### Associates: Incorporated overseas

Name	Country of incorporation	Principal activity	Percentage owned
5th Avenue Products Trading GmbH <sup>(i) (iv)</sup>	Germany	Distribution of Cuban cigars in Germany	27.5
Azur Finances SA	Cameroon	Holding investments in subsidiary companies	20.0

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

#### Associates: Incorporated overseas

Name	Country of incorporation	Principal activity	Percentage owned
Caribbean Cigars Corporation NV <sup>(i)</sup>	Curacao	Distribution of Cuban cigars in the Caribbean	25.0
Compañía Española de Tabaco en Rama SA (Cetarsa) <sup>(i)</sup>	Spain	Production and sale of raw tobacco	20.8
Diadema Spa <sup>(i)</sup>	Italy	Distribution of Cuban cigars in Italy	30.0
Distribuidora de Publicaciones del Sur, S.A.	Spain	Distribution of published materials and other products	35.0
Distribuidora Valenciana de Ediciones S.A.	Spain	Distribution of published materials and other products in Valencia	35.0
Entreprises des Tabacs en Guinée <sup>(i)</sup>	Guinée	Dormant	34.0
Havana House Cuban Products Specialist Limited <sup>(i)</sup>	New Zealand	Distribution of Cuban cigars in New Zealand	25.0
Havana House Limited <sup>(i)</sup>	Canada	Distribution of Cuban cigars in Canada	25.0
Importadora y Exportadora de Puros y Tabacos SA DE CV (IEPT) <sup>(i)</sup>	Mexico	Marketing and distribution of Cuban cigars in Mexico	25.0
Intertabak AG <sup>(i)</sup>	Switzerland	Distribution of Cuban cigars in Switzerland and Liechtenstein	25.0
Lippoel Tobacco Corporation International NV	Netherlands Antilles	Distributor of Cuban leaf	27.5
Logista Libros SL	Spain	Distribution of books	35.0
Manufacture Mauritanienne des Tabacs	Mauritanie	Manufacture and import of tobacco products	34.6
Maori Tabacs, S.A. <sup>(i)</sup>	Andorra	Distribution of Cuban cigars in Andorra	25.0
Marfany I Mas Industria Tobacco SA (Mitsa) (MARFANY MAS)	Andorra	Manufacture of Cuban cigars in Andorra	24.0
New Mentality Limited <sup>(i)</sup>	British Virgin Islands	Dormant	25.0
Pacific Holding (Thailand) Company Limited <sup>(i) (vi)</sup>	Thailand	Holding investments in subsidiary companies	25.0
Phoenicia Beirut SAL <sup>(i)</sup>	Lebanon	Retail in Lebanon	25.0
Phoenicia TAA Cyprus Ltd <sup>(i)</sup>	Cyprus	Distribution of Cuban cigars in the Middle	25.0
Pit Stop Limited <sup>(i)</sup>	British Virgin Islands	Dormant	25.0
Promotion et Distribution a Madagascar <sup>(i)</sup>	Madagascar	Distribution of cigarettes in Madagascar	33.4
SITABAC S.A.,	Cameroon	Manufacture and distribution of tobacco products in Cameroon	34.5
Société Internationale des Tabacs Malgaches <sup>(i)</sup>	Madagascar	Leaf processing	47.9

# IMPERIAL TOBACCO LIMITED

## Notes to the Financial Statements

### 27. Related undertakings (continued)

#### Associates: Incorporated overseas

Name	Country of incorporation	Principal activity	Percentage owned
Société Nationale des Tabacs et Allumettes du Mali SA <sup>(i)</sup>	Mali	Manufacture and distribution of cigarettes in Mali	28.0
Terzia SPA	Italy	Wholesale to tobacconists in Italy	47.6
The Pacific Cigar (Thailand) Co Limited <sup>(i) (vii)</sup>	Thailand	Distribution of Cuban cigars in Thailand	25.0
The Pacific Cigar Co. (Singapore) Pte Limited <sup>(i)</sup>	Singapore	Distribution of Cuban cigars in Singapore	25.0
The Pacific Cigar Company (Australia) Pty Limited <sup>(i)</sup>	Australia	Distribution of Cuban cigars in Australia	25.0
The Pacific Cigar Company (Macau) Limited <sup>(i)</sup>	Macau	Distribution of Cuban cigars in Macau	25.0
The Pacific Cigar Company (Malaysia) SDN BHD <sup>(i)</sup>	Malaysia	Dormant	25.0
The Pacific Cigar Company (New Zealand) Limited <sup>(i)</sup>	New Zealand	Distribution of Cuban cigars in New Zealand	25.0
The Pacific Cigar Company Limited <sup>(i)</sup>	People's Republic of China	Distribution of Cuban cigars in Asia	25.0
The Pacific Cigar International Co Limited <sup>(i)</sup>	Taiwan	Distribution of Cuban cigars in Asia	25.0

#### Joint Ventures: Incorporated overseas

Name	Country of incorporation	Principal activity	Percentage owned
Altabana SL <sup>(i)</sup>	Spain	Holding investments in subsidiary companies involved in the marketing and sale of Cuban cigars	50.0
Corporación Habanos SA <sup>(i)</sup>	Cuba	Export of cigars manufactured in Cuba	50.0
International Cubana de Tabaco SA <sup>(i)</sup>	Cuba	Manufacture of cigarillos in Cuba	50.0
Intertab SA <sup>(i)</sup>	Switzerland	Holding investments in subsidiary companies	50.0
NITAF Holding BV, IL <sup>(iv)</sup>	The Netherlands	In liquidation	50.0
Promotora de Cigarros SL <sup>(i)</sup>	Spain	Sales and marketing of cigars manufactured in Cuba	50.0
West Tobacco Pte Ltd <sup>(i)</sup>	Singapore	Dormant	50.0
Compañía de Distribución Integral Logista S.A.U. y GTECH Global	Spain	Services and distribution	50.0



## IMPERIAL TOBACCO LIMITED

### Notes to the Financial Statements

#### 27. Related undertakings (continued)

##### Partnerships

The Group also owns the following partnerships:

Name	Country	Principal activity
Fabrica de Tabacos La Flor de Copan S de R.L. de CV	Honduras	Holding investments in subsidiary companies Principal place of business: Apartado Postal 209, Colonia Mejia-García, Santa Rosa de Copán, Honduras
Imperial Tobacco (Efka) GmbH & Co. KG	Germany	Manufacture of tubs in Germany Principal place of business: Industriestrasse 6, Postfach 1257, D-78636 Trossingen, Germany
Imperial Tobacco Kazakhstan LLP <sup>(i)</sup>	Kazakhstan	Marketing and distribution of tobacco products in Kazakhstan Principal place of business: 9th Floor, block C and D, Tole bi street 101, Almalinskyi district Street, 050012 Almaty City, Kazakhstan
ITG Brands Holdpartner LP	United States of America	Marketing and sale of tobacco products in United States of America Principal place of business: 327 Hillsborough Street, Raleigh, NC 27603, North Carolina, United States of America

The subsidiaries listed were held throughout the year, either directly or indirectly.

Unless otherwise stated the entities are unlisted, have 1 type of ordinary share capital and a reporting period ending in September each year.

- (i) December year end
- (ii) March year end
- (iii) Listed entity
- (iv) Holding of one type of ordinary share only (where more than one type of share is authorised / in issue)
- (v) Holding of two types of ordinary share (where more than one type of ordinary share is authorised / in issue).
- (vi) Holding of preference shares only
- (vii) Holding of ordinary and preference shares
- (viii) Holding of ordinary and redeemable shares
- (ix) Holding of ordinary and deferred shares
- (x) Holding of two types of ordinary share and redeemable shares
- (xi) Direct subsidiary of Imperial Tobacco Limited

The percentage of issued share capital held by the immediate parent and the effective voting rights of the Group are the same except for Imperial Tobacco Italia Srl where the entire share capital, and therefore 100 per cent of the voting rights, are held by a number of Group companies, and Compañía de Distribución Integral Logista SAU, Logista France SAS, and Logista Italia SpA are 100 per cent owned subsidiaries of Compañía de Distribución Integral Logista Holdings SA, which is itself 70 per cent owned by Altadis SAU.