

Rothmans, Benson & Hedges Inc.

Unaudited Financial Statements

December 31, 2014

(in thousands CAD)

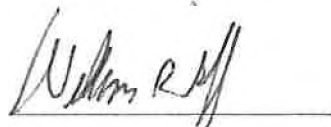
Rothmans, Benson & Hedges Inc.

Balance Sheets

As at December 31, 2014

(in thousands of CAD)

	As at December 31 2014	As at December 31 2013
	Dec 31, 2014	Dec 31, 2013
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents		
Accounts receivable	25,039	7,013
Loan receivable from affiliates	61,110	19,079
Inventories	200,420	182,397
Prepaid expenses	1,309	1,447
Deferred income taxes	9,946	6,731
	<u>297,825</u>	<u>216,667</u>
Property, plant and equipment	111,680	109,796
Deferred income taxes- long-term		
Prepaid pension benefit cost	21,104	31,194
Other assets	166	228
	<u>430,774</u>	<u>357,885</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	85,192	68,829
Loan payable to affiliates		
Excise and other taxes payable	116,970	68,696
Settlement provision - short term	37,936	38,016
Income taxes payable	32,649	20,993
	<u>272,748</u>	<u>196,534</u>
Settlement provision - long term	90,362	118,938
Other employee future benefits	62,654	55,922
Deferred income taxes - long-term	7,267	13,139
	<u>433,031</u>	<u>384,533</u>
SHAREHOLDERS' EQUITY		
Capital stock	48,267	48,267
Retained earnings	(21,282)	(58,100)
Accumulated other comprehensive losses	(29,242)	(16,815)
	<u>(2,257)</u>	<u>(26,648)</u>
	<u>430,774</u>	<u>357,885</u>



Rothmans, Benson & Hedges Inc.

Statement of Earnings

For the period January 1 — December 31, 2014

(in thousands of CAD)

	For the Period ended Dec 31, 2014	For the Period ended Dec 31, 2013
	\$	\$
Revenue		
Sales, net of excise duty and taxes	946,140	897,791
Costs		
Operating costs, excluding amortization & interest	424,563	394,209
Amortization	15,126	13,007
Interest expense, net	11,038	14,550
	<u>450,727</u>	<u>421,766</u>
Earnings before income taxes	<u>495,413</u>	<u>476,025</u>
Income taxes		
Current	165,382	149,316
Deferred	(1,912)	5,855
	<u>163,471</u>	<u>155,171</u>
Net Earnings	<u>331,942</u>	<u>320,854</u>

Rothmans, Benson & Hedges Inc.

Statements of Shareholders' Equity

(in thousands of CAD)

	Capital Stock	Retained Earnings	Accumulated Other Comprehensive Losses	Total
Balances, December 31, 2012	48,267	(78,954)	(40,949)	(71,636)
Comprehensive earnings:				
Net earnings		320,854		320,854
Other comprehensive losses			24,134	24,134
Total comprehensive earnings (losses)		320,854	24,134	344,988
Dividends		(300,000)		(300,000)
Balances, December 31, 2013	48,267	(58,100)	(16,815)	(26,648)
Comprehensive earnings:				
Net earnings		331,942		331,942
Other comprehensive losses			(12,427)	(12,427)
Total comprehensive earnings (losses)		331,942	(12,427)	319,515
Dividends		(295,124)		(295,124)
Balances, December 31, 2014	48,267	(21,282)	(29,242)	(2,257)

Rothmans, Benson & Hedges Inc.

Notes to Financial Statements

December 31, 2014

1 Adoption of US GAAP

Effective January 1, 2011, RBH adopted US GAAP for tax reporting purposes on a prospective basis.

2 These financial statements have been prepared for Canadian tax filing purposes only.