

1. REPORT OF THE AUDIT COMMITTEE OF PHILIP MORRIS ČR A.S.

The Audit Committee performed its activity regarding the process of preparing the 2014 financial statements and the 2014 consolidated financial statements in accordance with Article 19 of the Company's Articles of Association and according to legal regulations. The Audit Committee monitored the process of preparing the 2014 financial statements and the 2014 consolidated financial statements, monitored the effectiveness of the internal controls in the Company, system of risk management and the internal audit, monitored the process of statutory audits of the financial statements and the consolidated financial statements for the year 2014, assessed the independence of the statutory auditors and the audit firm and in particular any provision of supplementary services to the Company and accepted information and communication according to legal regulations from the auditor.

The following persons were invited to participate in Committee's sessions: key members of the auditor's team, the financial director of the Company, the director of the department of internal controls and other employees of the Company in charge of or playing a relevant role in the activities addressed by the Audit Committee.

2. STATEMENT OF THE AUDIT COMMITTEE FOR THE 2014 CALENDAR YEAR ACCOUNTING PERIOD

From the point of view of the main activities entrusted to the Audit Committee according to legal regulations and under the Company's Articles of Association, i.e.:

- (i) monitoring the process of preparing the financial statements and the consolidated financial statements;
- (ii) monitoring the effectiveness of the internal controls in the Company, system of risk management and the internal audit;
- (iii) monitoring the process of statutory audits of the financial statements and the consolidated financial statements;
- (iv) assessing the independence of the statutory auditors and the audit firm and in particular provision of supplementary services to the Company;

for the year 2014 the Audit Committee has not ascertained serious deficiencies or issues the general meeting of shareholders of the Company should be informed about.

The Audit Committee informs the Company's Supervisory Board of its conclusions and gives recommendations on the items that have been discussed at the sessions of the Audit Committee.

In Prague on March 24, 2015

Audit Committee
Philip Morris ČR a.s.