JAPAN TOBACCO INC.
2-1, Toranomon 2-chome, Minato-ku
Tokyo 105-8422 JAPAN
Phone:03-3582-3111

FOR IMMEDIATE RELEASE Tokyo, April 24, 2014

JT's Consolidated Financial Results for FY2013

Results for FY2013

- At constant FX, adjusted EBITDA and adjusted EPS increased 7.5% and 15.7% respectively, exceeding the Business Plan 2013 targets amid a challenging operating environment. Revenue and earnings reached record highs.

- Revenue and adjusted EBITDA grew 13.2% and 20.9% respectively driven by strong top-line growth in the tobacco businesses and the depreciation of the Japanese Yen. Profit attributable to owners of the parent increased 24.6%.

- International Tobacco Business: At constant FX, adjusted EBITDA in US Dollars achieved double-digit growth of 11.3%, driven by a robust price/mix and market share gains in most key markets. Core revenue and adjusted EBITDA in Japanese Yen grew 27.3% and 31.6% respectively due to the depreciation of the currency against the US Dollar.

- Japanese Domestic Tobacco Business: Adjusted EBITDA grew 7.4% due to steady market share growth driven by key brands centered on Mevius and a one-off increase in demand ahead of the consumption tax (VAT) hike in April 2014.

- The Company's Board is recommending a total dividend per share of ¥96, including a first half-year dividend per share of ¥46 with a forecast dividend payout ratio of 40.8% for this fiscal year.

"Business Plan 2014"

- Under the 4S model, a source of competitive advantage, the Company prioritized business investment for sustainable profit growth in the mid- to long-term, while pursuing the competitive level of return to shareholders through profit growth.

- Adjusted Operating Profit growth rate: Mid to high single digit growth per annum in the mid- to long-term at constant FX

- Dividend payout ratio: 50% for the fiscal year 2015, while pursuing a competitive level in comparison with global FMCG players of no less than 50%

- Adjusted EPS growth rate: High single digit growth per annum in the mid- to long-term at constant FX

- For the like-for-like comparison, the Company shows its forecasts for the 12 month period from January 1, 2014 to December 31, 2014. Adjusted operating profit at constant FX is forecast to increase 6.0%, due to solid top-line growth in the International Tobacco Businesses.

- Revenue and adjusted operating profit are forecast to grow 2.4% and 1.6% respectively for the 12 months. Profit attributable to owners of the parent is expected to decrease 16.6% due to lower gains from real estate asset disposals and provisions relating to measures to strengthen the competitiveness of the Japanese Domestic Tobacco Business.

- For the fiscal year 2014, a transitional period for the change in accounting period, the Company intends to increase a total dividend per share to ¥100.

Mitsuomi Koizumi, President and Chief Executive Officer of JT, commented:

"Our International Tobacco Business reached double-digit EBITDA growth at constant currency against a backdrop of an increasingly challenging environment, once again demonstrating the strength of our business fundamentals. Domestically, Mevius has shown steady market share gains, establishing a solid market presence in the growing menthol segment.

This year we continued to take a number of strategic initiatives to expand product and geographic portfolios and consolidate our core business, as shown by the successful completion of the global rebranding of Mevius, the acquisition of a stake in Russia's leading tobacco distributor, and the introduction of the unique tobacco vaporizer Ploom in several markets.

The "4S" model is the source of our competitive advantage and uniqueness, enabling us to achieve sustainable growth. Adaptability to the changing operating environment is another key for continuous success. Guided by these principles, we will continue to place a top priority on business investments, while creating additional value for our products and operations and aiming to exceed the expectations of all our stakeholders."

Consolidated Financial Results for FY2013

Unit: Billions of Yen

	FY2012 (A)	FY2013 (B)	Difference (B)-(A)	Net Change (%)
Revenue	2,120.2	2,399.8	279.6	13.2
Adjusted EBITDA	622.0	751.7	129.8	20.9
Operating profit	532.2	648.3	116.0	21.8
Profit attributable to owners of the parent	343.6	428.0	84.4	24.6

At constant FX:

Adjusted EBITDA	622.0	668.3	46.4	7.5

- **Revenue**
  Revenue increased 13.2% driven by a strong price/mix which more than offset the overall volume decline in the International Tobacco Businesses and the depreciation of the Japanese currency.

- **Adjusted EBITDA**
  Adjusted EBITDA increased 20.9% due to a strong price/mix in the International Tobacco Business and depreciation of the Japanese currency. At constant FX, adjusted EBITDA grew 7.5%.

- **Profit Attributable to Owners of the Parent**
  Profit attributable to owners of the parent grew 24.6%, due to an increase in adjusted EBITDA.

- **Dividends**
  The Company’s Board is recommending a second half-year dividend per share of ¥50. Accordingly, a total dividend per share of ¥96 is now forecast, including the payment of a first half-year dividend of ¥46. This amounts to a forecast dividend payout ratio of 40.8% for this fiscal year.

Results by Business Segment

· International Tobacco Business (Financial results for January 1 – December 31, 2013)

Units: Billions of Cigarettes, Billions of Yen

	Jan-Dec 2012	Jan-Dec 2013	Net change (%)
Total shipment volume	436.5	416.4	-4.6%
GFB shipment volume	268.8	266.6	-0.8%
Core revenue	943.1	1,200.7	27.3%
Adjusted EBITDA	343.2	451.6	31.6%

Total shipment volume decreased 4.6 % primarily due to significant industry contraction and trade inventory adjustments in a number of markets. Despite GFB shipment volume growth in Austria, the Caucasus markets, Czech Republic, Germany, Hungary, Kazakhstan, Middle East and African markets, Romania, South East Asia markets, Sweden, Taiwan and Turkey, GFB shipment volume declined 0.8%. Year-on-year market share increased in France, Italy, Spain, Taiwan, Turkey and the UK. In Russia total share of value and GFB share of market continued to grow.

Core revenue and adjusted EBITDA in US Dollars at constant FX increased 6.1% and 11.3% respectively, driven by a strong price/mix which more than offset the 4.6% overall volume decline. On a reported basis, core revenue and adjusted EBITDA grew 3.9% and 7.5% respectively. In Japanese Yen, core revenue and adjusted EBITDA increased 27.3% and 31.6% respectively, as a result of the currency depreciation against the US Dollar[1].

· Japanese Domestic Tobacco Business

Units: Billions of Cigarettes, Billions of Yen

	FY2012	FY2013	Net change (%)
Total sales volume	116.2	120.1	3.3
Core revenue	654.0	676.2	3.4
Adjusted EBITDA	281.3	302.1	7.4

Total sales volume grew 3.3% due to steady growth in market share led by key brands and a one-off increase in demand preceding the consumption tax (VAT) hike, which is estimated to account for approximately 40% of a month's sales volume. The growth of total sales volume positively affected core revenue and adjusted EBITDA, which grew 3.4% and 7.4% respectively. The adjusted EBITDA growth was additionally supported by lower promotion expenditure.

Mevius remains the main driving force of the total market share gain to 61.0% (FY2012: 59.6%). For the 12-month period since its rebranding in February 2013, total sales volume improved for the first time since 1998 (with the exception of the temporary impact of the March 2011 earthquake). The release of new products, "Mevius Premium Menthol Option" and "Mevius Premium Menthol Spread," contributed to the Company's stronger presence in the growing menthol segment.

- **Pharmaceutical Business**

Unit: Billions of Yen

	FY2012 (A)	FY2013 (B)	Difference (B) – (A)
Revenue	53.2	64.4	11.3
Adjusted EBITDA	-12.7	-5.4	7.3

The revenue growth was due to increased milestone payments related to progress in R&D of original JT compounds that have been out-licensed, and higher royalty revenue. Other contributing factors were sales growth of Remitch® Capsules, an anti-pruritus drug for hemodialysis patients, and an anti-HIV drug, Truvada® Combination Tablets by Torii Pharmaceutical, as well as a one-off increase in demand ahead of the consumption tax (VAT) hike. In total, these factors increased revenue by ¥11.3 billion. Adjusted EBITDA improved by ¥7.3 billion to -¥5.4 billion.

Key achievements in FY2013:

- JT
  Stribild® Combination Tablets (anti-HIV): launched in Japan in May 2013
  Riona® Tablets 250mg (Hyperphophatemia): received manufacturing and marketing approval in Japan in January 2014 and will be launched in Japan in May 2014
- Torii Pharmaceutical
  Cedartolen® sublingual drop (cedar pollinosis): received manufacturing and marketing approval in Japan in January 2014
- Outlicensed to partners
  Mekinist™ (melanoma): received the US Food and Drug Administration's approval in May 2013 and launched in the US in June 2013
  Vitekta™ (HIV infection): received the European Medicines Agency's approval in November 2013

- **Beverage Business**

Unit: Billions of Yen

	FY2012 (A)	FY2013 (B)	Difference (B) – (A)
Revenue	185.5	184.5	-1.0
Adjusted EBITDA	12.4	8.7	-3.7

Despite the increase in total sales volume of the Company's beverage products, revenue declined ¥1.0 billion to ¥184.5 due to lower revenue from vending machines. Adjusted EBITDA decreased ¥3.7 billion due to lower revenue and increased expenses of reinforcing the vending machine operations and initiatives to strengthen brand equity.

- **Processed Food Business**

Unit: Billions of Yen

	FY2012 (A)	FY2013 (B)	Difference (B) – (A)
Revenue	168.7	156.9	-11.8
Adjusted EBITDA	7.4	7.5	0.1

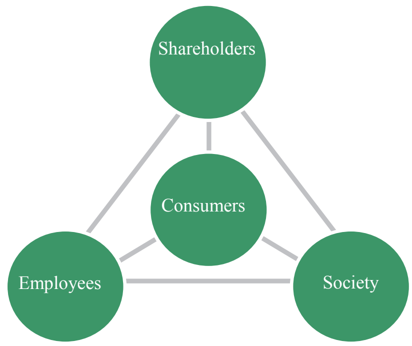
Sales of staple food products have shown steady growth, but, as a result of the closure in December 2012 of the processed fishery products business, revenue declined ¥11.8 billion. Excluding this negative effect, revenue grew ¥4.3 billion. Affected by higher raw materials costs due to the depreciation of the Japanese Yen, adjusted EBITDA increased ¥0.1 billion, driven by growth in staple food products.

“Business Plan 2014”

- **Management Principle**

Under the “4S” model, the Company will balance the interests of consumers, shareholders, employees and wider society, and fulfil our responsibilities towards them, aiming to exceed their expectations. The 4S model has allowed us to achieve sustainable profit growth in the past years. The Company firmly believes that the 4S model will increase the company’s value in the mid- to long-term, and consequently is in the best interests of all stakeholders.

The Company prioritizes business investments for sustainable future profit growth in the mid- to long-term, while pursuing a competitive level of return to shareholders in comparison with global FMCG players through profit growth.



- **Mid- to Long-Term Targets**

The Company will continuously strive to achieve mid to high single digit growth per annum in adjusted operating profit at constant FX in the mid- to long-term. It aims to achieve a consolidated dividend payout ratio of 50% for the fiscal year 2015, while pursuing a competitive level in comparison with global FMCG players of no less than 50%. It also aims for a high single digit adjusted EPS growth per annum in the mid- to long-term at constant FX. Share buy-backs may be considered from the perspective of properly managing the adjusted EPS growth rate.

- **Mid- to Long-Term Directional Guidance**

The Tobacco businesses continue to be the Company’s core profit generator and profit growth engine, aiming for mid to high single digit adjusted operating profit growth per annum in the mid- to long-term. The Japanese domestic tobacco business remains a highly competitive platform of profitability, while the International Tobacco Business strengthens its role as the Group’s profit growth engine.

The Pharmaceutical business will strive to establish a stronger profit platform through maximization of each product value and promotion of R&D for the next generation of strategic compounds.

The Beverage business will strengthen its business foundation to achieve further growth in order to contribute to the Group’s profit.

The Processed Food business will strive to achieve operating profit margins on a par with or above the industry average to grow its profit contribution to the Group.

Changes as of FY2014

- **Change of Key Performance Indicator**

In order to further improve the management of business investments and their return, the Company has changed one of its key performance indicators from adjusted EBITDA to adjusted operating profit, as of April 1, 2014. For our investors this change will also simplify the process of comparison with other industry players.

Adjusted Operating profit:
Operating profit + Amortization of acquired intangibles + Adjusted items (income and costs)*

*Adjusted items = impairment losses on goodwill ± restructuring income and costs ± others

- **Change of the Accounting Period**

As previously announced on January 30, 2014, JT Group will change the closing date of its accounting period from March 31 to December 31. Consequently, the fiscal year 2014 on a reported basis is a transitional period for the change, and will cover only nine months from April 1, 2014 to December 31, 2014. However, the change does not concern the international affiliates, as they are already operating on a January 1 to December 31 accounting period basis.

Important notice: for the purpose of fair comparison, in its forecast the Company refers to the fiscal year 2014 as a full calendar year from January 1 to December 31, 2014.

Consolidated Forecast for the 12 month period ending December 31, 2014

The Company forecasts a 6.0% growth in adjusted operating profit at constant FX due to the top-line growth in the International Tobacco Business and maintaining the level of profit in the Japanese Domestic Tobacco Business. On a reported basis, revenue and adjusted operating profit are forecast to increase 2.4% and 1.6% respectively, affected by the appreciation of the US Dollar against local currencies. Profit attributable to the owners of the parent is expected to decline 16.6% as a result of lower gains from real estate asset disposals and provisions related to the set of measures aimed at strengthening the competitiveness of the Japanese Domestic Tobacco Business announced in October 2013.

Unit: Billions of Yen

	Jan-Dec 2013 Actual (A)	Jan-Dec 2014 Forecast (B)	Change from 2013 Actual (B)-(A)
Revenue	2,372.2	2,430.0	57.8 (2.4%)
Adjusted operating profit	613.0	623.0	10.0 (1.6%)
Operating profit	643.3	554.0	-89.3 (-13.9%)
Profit attributable to owners of the parent	443.6	370.0	-73.6 (-16.6%)

Forecast at constant FX

Adjusted operating profit	613.0	650.0	37.0 (6.0%)

- **International Tobacco Business[2]:** Mainly due to ongoing industry contraction in Europe and Russia, both total and GFB shipment volume[3] are forecast to decrease 3.0% and 1.7% respectively. However, the Company is committed to delivering double-digit growth in adjusted operating profit at constant FX in US Dollars resulting from revenue growth led by robust pricing. In Japanese Yen, core revenue and adjusted operating profit are forecast to increase 3.9% and 3.4% respectively

- **Japanese Domestic Tobacco Business:** In the fiscal year 2014 overall demand is expected to decline 3% to 4% including a temporary slow-down following the tax hike in April. Intensified competition is also expected as a result of the price amendments by the industry players. Total sales volume is forecast to decline 3.5% to 112.5 billion, with a 1.4% lower revenue. However, the influence of declining demand is expected to be mitigated by a number of brand equity strengthening initiatives aimed at retaining consumers as well as cost reductions, to help maintain the existing level of profit.

- **Pharmaceutical Business:** Due to an expected increase in royalty revenues related to higher sales of original JT compounds that have been out-licensed, as well as increased sales by Torii Pharmaceutical, revenue is forecast to grow to ¥63.0 billion. Adjusted operating profit is forecast to improve to -¥13.0 billion, due to higher revenue partly offset by higher R&D expenditure.

- **Beverage Business:** Further focus on the sales growth of the two flagship brands, “Roots” and “Momono Tennen-sui”, is expected to result in a ¥4.2 billion increase of revenue to ¥188.0 billion. Adjusted operating profit is forecast to improve to -¥1.5 billion.

- **Processed Food Business:** As a result of sales growth in staple food products, driven by higher added value, revenue is forecast to grow ¥7.8 billion to ¥165.0. Despite higher raw materials costs and the depreciation of the Japanese Yen, adjusted operating profit is forecast to improve to ¥3.0 billion due to increased sales from staple food products and continuous cost-saving initiatives.

###

Japan Tobacco Inc. is a leading international tobacco product company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius and Benson & Hedges. With diversified operations, JT is also actively present in pharmaceuticals, beverages and processed foods. The company’s revenue was ¥2.399 trillion (US$23,318 million(*)) in the fiscal year ended March 31, 2014.

**Translated at the rate of ¥102.92 per $1, as of March 31, 2014*

Notes:

[1] January – December Japanese Yen exchange rates against US Dollar: ¥79.81 (2012) and ¥97.73 (2013)
[2] The exchange rate assumptions for US $1.00 are; Ruble 36.00, UK Sterling 0.60, Euro 0.72, Swiss Franc 0.88, Taiwan Dollar 30.30, Turkish Lira 2.30, Ukrainian Hryvnia 10.00 and ¥100.00. Appreciation of the Japanese Yen and the Swiss Franc against the US Dollar negatively affects the consolidated financial result numbers. Conversely, appreciation of the other currencies against the US Dollar has a positive effect.
[3] Following a recent assessment of trends in fine cut consumption, the conversion rate from tons to cigarette equivalent units for High Volume Tobacco has been adjusted. 2013 figures for Total and GFB shipment volume have been restated accordingly.

Additional definitions are provided at http://www.jt.com/investors/media/definitions/index.html.

Contact: Ryohei Sugata, General Manager
Dmitry Krivtsov, Associate General Manager
Media and Investor Relations Division
Japan Tobacco Inc. Tokyo: +81-3-5572-4292
E-mail: jt.media.relations@jt.com

Results for FY2013

(April 1, 2013 through March 31, 2014)

-In accordance with the revised IAS 19, retrospective applications have been made to FY2012 figures at constant currency and to FY2012 reported figures.
-This retrospective did not have a material impact on the condensed interim consolidated financial statements.

1. Summary of Business Performance

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Revenue	2,120.2	2,399.8	+279.6	+13.2%
Operating profit	532.2	648.3	+116.0	+21.8%
Profit before income taxes	509.4	636.2	+126.8	+24.9%
Profit	351.4	435.3	+83.8	+23.9%
Profit(attributable to owners of parent company)	343.6	428.0	+84.4	+24.6%
Basic EPS(yen)	181.07	235.48	+54.42	+30.1%
Diluted EPS(yen)	180.98	235.35	+54.37	+30.0%
Adjusted EBITDA*1	622.0	751.7	+129.8	+20.9%
Adjusted profit	329.7	410.4	+80.7	+24.5%
Adjusted EPS(yen)*2	173.64	225.68	+52.04	+30.0%
DPS(yen)	68.00	96.00	+28.00	+41.2%
Payout ratio	37.6%	40.8%	+3.2%pt	
ROE(attributable to owners of parent company)	20.0%	19.9%	-0.1%pt	

(Reference) (unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Adjusted EBITDA at constant rates of exchange*3	622.0	668.3	+46.4	+7.5%
Adjusted EPS at constant rates of exchange(yen)*2 *3	173.64	200.96	+27.32	+15.7%

1 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

2 :Adjusted EPS = (Profit or loss attributable to owners of the parent company ± adjustment items (income and costs) ± tax and minority interests adjustments) / (weighted-average common shares + increased number of ordinary shares under subscription rights to shares)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*3 :FY2012-Actual
FY2013- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2012

2.Breakdown of Revenue

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Revenue	2,120.2	2,399.8	+279.6	+13.2%
Japanese domestic tobacco	687.1	710.3	+23.2	+3.4%
Core revenue*1	654.0	676.2	+22.2	+3.4%
International tobacco*2	1,010.7	1,270.0	+259.4	+25.7%
Core revenue*3	943.1	1,200.7	+257.6	+27.3%
Pharmaceutical	53.2	64.4	+11.3	+21.2%
Beverage	185.5	184.5	-1.0	- 0.5%
Processed foods	168.7	156.9	-11.8	- 7.0%
Others	15.0	13.6	-1.4	- 9.1%

(Reference) (unit: USD million,%)

	2012 Jan-Dec	2013 Jan-Dec	Change	Rates of Change
International tobacco Core revenue*3	11,817	12,273	+457.0	+3.9%
International tobacco Core revenue at constant rates of exchange*3*4	11,655	12,362	+708.0	+6.1%

*1 :Excluding revenue from the distribution business of imported tobacco

*2 :International tobacco business: 12M ended Dec. 2012 and 12M ended Dec .2013

*3 :Includes revenue from waterpipe tobacco, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.

*4 :Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

3.Adjusted EBITDA by business segment*1

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Consolidated Operating profit	532.2	648.3	+116.0	+21.8%
Adjustment*3	89.8	103.5	+13.7	-
Adjusted EBITDA*1	622.0	751.7	+129.8	+20.9%
Japanese domestic tobacco Operating profit	241.3	258.1	+16.8	+7.0%
Adjustment*3	40.0	44.0	+4.0	-
Adjusted EBITDA*1	281.3	302.1	+20.8	+7.4%
International tobacco Operating profit*2	289.4	376.4	+87.0	+30.1%
Adjustment*2*3	53.8	75.2	+21.5	-
Adjusted EBITDA*1*2	343.2	451.6	+108.4	+31.6%
Pharmaceutical Operating profit	-16.2	-9.0	+7.2	-
Adjustment*3	3.4	3.6	+0.2	-
Adjusted EBITDA*1	-12.7	-5.4	+7.3	-
Beverage Operating profit	2.3	-2.1	-4.4	-
Adjustment*3	10.1	10.8	+0.7	-
Adjusted EBITDA*1	12.4	8.7	-3.7	- 30.2%
Processed Foods Operating profit	-5.8	-0.2	+5.6	-
Adjustment*3	13.2	7.7	-5.5	-
Adjusted EBITDA*1	7.4	7.5	+0.1	+1.5%
Other/Elimination Operating profit	21.2	25.0	+3.9	+18.4%
Adjustment*3	-30.7	-37.8	-7.1	-
Adjusted EBITDA*1	-9.6	-12.7	-3.2	-

(Reference) (unit: USD million,%)

	2012 Jan-Dec	2013 Jan-Dec	Change	Rates of Change
International tobacco Adjusted EBITDA*1	4,300	4,623	+322.6	+7.5%
International tobacco Adjusted EBITDA at constant rates of exchange*1*4	4,145	4,614	+468.7	+11.3%

1 : Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2 :International tobacco business: 12M ended Dec. 2012 and 12M ended Dec. 2013

3 :Depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*4 :Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

4.Consolidated financial position data

(unit: JPY billion)

	As of end of Mar.2013	As of end of Mar.2014	Change
Total Assets	3,852.6	4,611.4	+758.9
Total Equity	1,892.4	2,596.1	+703.7
Equity attributable to owners of the parent company	1,806.5	2,505.6	+699.1
BPS(attributable to owners of parent company) (yen)	993.98	1,378.57	+384.59

5.Liquidity*

(unit: JPY billion)

	As of end of Mar.2013	As of end of Mar.2014	Change
Liquidity	168.3	259.3	91.0

*: Liquidity=cash and deposits+marketable securities+securities purchased under repurchase agreements

6.Interest-bearing debt*

(unit: JPY billion)

	As of end of Mar.2013	As of end of Mar.2014	Change
Interest-bearing debt	327.2	375.9	48.6

*: Interest-bearing debt = short-term bank loans + CP + bonds + long-term borrowings + lease obligation

7.Consolidated cash flows data

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Cash flows from operating activities	466.6	396.5	-70.1	-15.0%
Cash flows from investing activities	-147.9	-163.5	-15.5	–
Cash flows from financing activities	-569.5	-145.2	+424.3	–
Cash and cash equivalents, beginning of the year	404.7	142.7	-262.0	-64.7%
Foreign currency translation adjustments on cash and cash equivalents	-11.2	22.7	+33.9	–
Cash and cash equivalents, end of the year*1	142.7	253.2	+110.5	+77.4%
FCF*2	316.0	212.6	-103.5	-32.7%

*1 Included in "Cash and cash equivalents" at the end of this quarter is ¥42.1 billion (IRR 1,255.3 billion) held by the Group's Iranian subsidiary, JTI Pars PJS Co.. Due to international sanctions and other factors imposed on Iran, the subsidiary's ability to remit funds outside of Iran is restricted.

*2 :FCF is total of cash flows from operating activities and investing activities excluding the following items;
Cash flows from interest and dividends received and its tax effect / interest paid and its tax effect in operating activities.
Cash flows from purchase of short-term investment securities, proceeds from sale and redemption of short-term investment securities, purchase of investment securities, proceeds from sale of investment securities, payments into time deposits, proceeds from withdrawal of time deposits and others in investing activities (those from purchase/sale of securities held for business operation are not included here).

8.Capital expenditures

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Capital expenditures	137.4	156.2	+18.7	+13.6%
Japanese domestic tobacco	71.2	49.1	-22.1	-31.1%
International tobacco*	37.5	78.5	+41.0	+109.4%
Pharmaceutical	5.8	3.9	-1.9	-33.0%
Beverage	12.0	14.6	+2.6	+21.7%
Processed foods	4.6	4.9	+0.3	+6.6%
Other/Elimination and corporate	6.3	5.1	-1.2	-18.9%

* : International tobacco business: 12M ended Dec. 2012 and 12M ended Dec .2013

9.Business data

【Japanese domestic tobacco business】	FY2012	FY2013	Change	Rates of Change	
JT sales volume*	116.2	120.1	+3.9	+3.3%	BNU
Total demand	195.1	196.9	+1.8	+0.9%	BNU
JT market share	59.6%	61.0%	+1.4%pt		
JT net sales after tax per 1,000 cigarettes	5,502	5,485	-17	- 0.3%	JPY

* :Sales volume of domestic duty-free and China business is excluded, which was 3.1 billion for FY2012 and 3.4 billion for FY2013, respectively.

【International tobacco business】	2012 Jan-Dec	2013 Jan-Dec	Change	Rates of Change	
Total shipment volume*	436.5	416.4	-20.2	- 4.6%	BNU
GFB shipment volume	268.8	266.6	-2.2	- 0.8%	BNU
JPY/USD rate for consolidation	79.81	97.73	+17.92	-18.3%	JPY
RUB/USD rate for consolidation	31.07	31.84	+0.77	-2.4%	RUB
GBP/USD rate for consolidation	0.63	0.64	+0.01	+1.3%	GBP
EUR/USD rate for consolidation	0.78	0.75	-0.02	+3.3%	EUR
CHF/USD rate for consolidation	0.94	0.93	-0.01	+1.2%	CHF
TWD/USD rate for consolidation	29.57	29.68	+0.11	-0.4%	TWD

* :Total shipment volume includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products and waterpipe tobacco products

(unit: JPY billion,%)

<Pharmaceutical business>	FY2012	FY2013	Change	Rates of Change
R&D expenses	30.7	30.5	-0.2	- 0.8%

(unit: million case,%)

<Beverage business>	FY2012	FY2013	Change	Rates of Change
Sales of JT products	32.25	32.68	+0.43	+1.3%
Roots	18.54	17.85	-0.69	- 3.7%

	As of end of Mar.2013	As of end of Mar.2014	Change
Number of beverage vending machines*	262,000	266,000	+4,000
JT-owned	39,000	44,000	+5,000
Combined	83,000	82,000	-1,000
Others	140,000	140,000	+0

* :Beverage vending machines include vending machines for cans and packs, etc. and for cups owned by other companies and operated by our subsidiary. "JT-owned" vending machines are owned by JT. "Combined" vending machines are owned by our subsidiaries or affiliates ,and focus on selling JT brand Beverage but also sell non-JT brand Beverage.

10.Number of employees*

	As of end of Mar.2013	As of end of Mar.2014	Change
Number of employees (consolidated basis)	49,507	51,563	+2056
Japanese domestic tobacco	11,043	11,022	- 21
International tobacco	24,397	26,731	+2334
Pharmaceutical	1,744	1,787	+43
Beverage	4,912	5,035	+123
Processed foods	6,563	6,096	- 467
Other/Corporate	848	892	+44
Number of employees (parent company)	8,925	8,774	- 151

* : Number of employees is counted at working base, unless otherwise indicated.

Results for FY2013

(April 1, 2013 through March 31, 2014)

-In accordance with the revised IAS 19, retrospective applications have been made to FY2012 figures at constant currency and to FY2012 reported figures.
-This retrospective did not have a material impact on the condensed interim consolidated financial statements.

10.Account titles of P/L

(unit: JPY billion)

	FY2012	FY2013	Change
Revenue	2,120.2	2,399.8	+279.6
Cost of sales	899.4	980.0	+80.5
Gross profit	1,220.8	1,419.9	+199.1
Other Operating profit	42.2	55.6	+13.5
Gain on sale of tangible fixed assets, intangible assets and investment properties	35.2	45.0	+9.8
Others	7.0	10.7	+3.7
Share of profit of investments accounted for using the equity method	2.8	1.7	-1.1
SG&A	733.5	828.9	+95.5
Advertising expenses	20.6	21.7	+1.2
Promotion expenses	137.5	147.8	+10.3
Freight and storage cost	27.1	27.1	-0.0
Commissions	41.2	49.3	+8.1
Employee benefits expenses	241.5	275.8	+34.3
R&D expenses	56.9	57.1	+0.2
Depreciation and amortization	59.1	68.8	+9.7
Impairment losses	3.2	2.4	-0.8
Loss on sale of tangible fixed assets and investment properties	9.3	9.5	+0.2
impairment losses of investments in associates	–	9.7	+9.7
Others	137.2	159.7	+22.5
Operating profit	532.2	648.3	+116.0
Depreciation and amortization	116.5	132.9	+16.5
Adjustment items (income)	-34.2	-44.0	-9.8
Adjustment items (costs)	7.5	14.6	+7.0
Adjusted EBITDA *1	622.0	751.7	+129.8
Japanese domestic tobacco Operating profit	241.3	258.1	+16.8
Depreciation and amortization	41.1	44.4	+3.3
Adjustment items (income)	-1.2	-1.1	+0.1
Adjustment items (costs)	0.2	0.7	+0.6
Adjusted EBITDA *1	281.3	302.1	+20.8
International tobacco Operating profit *2	289.4	376.4	+87.0
Depreciation and amortization *2	51.1	63.7	+12.6
Adjustment items (income) *2	-0.4	–	+0.4
Adjustment items (costs) *2	3.1	11.5	+8.4
Adjusted EBITDA *1*2	343.2	451.6	+108.4
Pharmaceutical Operating profit	-16.2	-9.0	+7.2
Depreciation and amortization	3.4	3.6	+0.2
Adjustment items (income)	–	–	–
Adjustment items (costs)	–	–	–
Adjusted EBITDA *1	-12.7	-5.4	+7.3
Beverage Operating profit	2.3	-2.1	-4.4
Depreciation and amortization	10.1	10.8	+0.7
Adjustment items (income)	–	–	–
Adjustment items (costs)	–	–	–
Adjusted EBITDA *1	12.4	8.7	-3.7
Processed Foods Operating profit	-5.8	-0.2	+5.6
Depreciation and amortization	7.1	6.9	-0.2
Adjustment items (income)	–	-0.2	-0.2
Adjustment items (costs)	6.0	1.0	-5.0
Adjusted EBITDA *1	7.4	7.5	+0.1
Others/Elimination Operating profit	21.2	25.0	+3.9
Depreciation and amortization	3.6	3.5	-0.2
Adjustment items (income)	-32.6	-42.6	-10.0
Adjustment items (costs)	-1.7	1.4	+3.1
Adjusted EBITDA *1	-9.6	-12.7	-3.2

(unit: JPY billion)

	FY2012	FY2013	Change
Financial income	5.5	8.4	+2.9
Dividend income	1.4	1.5	+0.2
Interest income	3.8	6.4	+2.6
Foreign exchange gain	–	–	–
Other	0.4	0.4	+0.1
Financial costs	28.4	20.4	-7.9
Interest expenses	10.1	8.6	-1.5
Pension/post retirement benefit	5.8	5.8	+0.1
Foreign exchange loss	11.3	4.7	-6.6
Other	1.2	1.2	+0.1
Profit before income taxes	509.4	636.2	+126.8
Income taxes	157.9	200.9	+43.0
Profit	351.4	435.3	+83.8
Owners of the parent company	343.6	428.0	+84.4
Non-controlling interests	7.9	7.3	-0.5

1 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2 :International tobacco business: 12M ended Dec. 2012 and 12M ended Dec. 2013

Results for FY2013

(April 1, 2013 through March 31, 2014)

-In accordance with the revised IAS 19, retrospective applications have been made to FY2012 figures at constant currency and to FY2012 reported figures.
-This retrospective did not have a material impact on the condensed interim consolidated financial statements.

11.Account titles of B/S

(unit: JPY billion)

	As of end of Mar.2013	As of end of Mar.2014	Change
Current assets	1,213.1	1,484.4	+271.2
Cash and cash equivalents	142.7	253.2	+110.5
Cash and deposits	121.8	239.0	+117.2
Short-term investment	21.0	14.3	-6.7
Trade and other receivables	387.8	440.2	+52.4
Notes and accounts receivable	368.0	430.2	+62.3
Other	21.5	12.3	-9.1
Allowance for doubtful accounts	-1.6	-2.3	-0.7
Inventories	473.0	551.0	+77.9
Merchandise and finished goods	133.1	160.2	+27.1
Leaf tobacco	292.0	334.3	+42.3
Other	47.9	56.4	+8.6
Other financial assets※1	29.1	17.3	-11.8
Other current assets	177.9	220.7	+42.8
Prepaid tobacco excise taxes	130.3	176.3	+45.9
Prepaid expenses	9.5	11.3	+1.8
Consumption taxes payable	10.6	12.5	+1.9
Other	27.4	20.6	-6.8
Non-current assets held for sale	2.6	2.0	-0.6
Non-current assets	2,639.4	3,127.1	+487.6
PP&E	672.3	780.0	+107.7
Cost	1,535.7	1,721.1	+185.4
Accumulated depreciation and accumulated impairment losses	-863.4	-941.1	-77.7
Land, buildings and structures	307.3	331.3	+24.0
Cost	615.7	654.0	+38.3
Accumulated depreciation and accumulated impairment losses	-308.3	-322.7	-14.3
Machinery and vehicles	271.2	311.9	+40.7
Cost	720.2	811.1	+90.9
Accumulated depreciation and accumulated impairment losses	-449.0	-499.1	-50.2
Tools, furniture and fixtures	65.3	68.7	+3.5
Cost	171.4	188.0	+16.6
Accumulated depreciation and accumulated impairment losses	-106.1	-119.2	-13.2
Construction in progress	28.5	68.0	+39.5
Cost	28.5	68.0	+39.5
Accumulated depreciation and accumulated impairment losses	–	–	–
Goodwill※2	1,316.5	1,584.4	+268.0
Cost	1,316.5	1,584.4	+268.0
Accumulated depreciation and accumulated impairment losses	–	–	–
Intangible assets	348.8	385.1	+36.3
Cost	933.1	1,041.5	+108.4
Accumulated depreciation and accumulated impairment losses	-584.2	-656.4	-72.1
Trademark※3	287.6	321.2	+33.6
Cost	733.7	824.7	+90.9
Accumulated depreciation and accumulated impairment losses	-446.1	-503.4	-57.3
Software	31.9	34.4	+2.5
Cost	111.6	123.9	+12.3
Accumulated depreciation and accumulated impairment losses	-79.8	-89.6	-9.8
Other	29.3	29.5	+0.2
Cost	87.7	92.9	+5.2
Accumulated depreciation and accumulated impairment losses	-58.3	-63.4	-5.0
Investment property	59.0	61.4	+2.4
Retirement benefit assets	14.8	16.5	+1.7
Investments accounted for using the equity method	22.9	106.1	+83.2
Other financial assets※3	71.8	92.6	+20.8
Deferred tax assets	133.3	100.9	-32.4
Total assets	3,852.6	4,611.4	+758.9

※1	Other financial assets(current & non-current)	100.9	109.9	+9.0
	Derivative assets	4.1	8.6	+4.5
	Equities	46.7	53.7	+7.0
	Bonds	15.7	7.2	-8.5
	Time deposits	5.3	1.5	-3.8
	Other	38.2	47.2	+9.0
	Allowance for doubtful accounts	-9.1	-8.3	+0.8

※2	Goodwill International tobacco cash-generating unit	1,274.0	1,541.9	+267.9
	Goodwill processed food cash-generating unit	25.4	25.4	–

※3	Trademark International tobacco business	284.9	318.7	+33.8

(unit: JPY billion)

	As of end of Mar.2013	As of end of Mar.2014	Change
Current liabilities	1,113.0	1,250.5	+137.5
Trade and other payables	312.7	354.7	+42.0
Notes and accounts payable	173.5	190.4	+17.0
Other payables	71.3	73.3	+2.0
Other	68.0	91.0	+23.0
Bonds and borrowings※4	44.3	195.6	+151.3
Income taxes payable	85.7	77.2	-8.6
Other financial libilities※4	8.6	9.5	+0.9
Provisions	5.3	7.4	+2.1
Other current liabilities※5	656.3	606.2	-50.1
Liabilities directly associated with non-current assets held-for-sale	0.1	0.1	-0.0
Non current liabilities	847.2	764.8	-82.3
Bonds and borrowings※4	270.4	166.2	-104.2
Other financial liabilities※4	18.8	17.7	-1.1
Retirement benefit liabilities	342.6	340.5	-2.1
Provisions	4.8	5.2	+0.5
Other non-current liabilities※5	113.2	126.5	+13.3
Deferred tax liabilities	97.3	108.7	+11.4
Liabilities	1,960.1	2,015.4	+55.2
Equity	1,892.4	2,596.1	+703.7
Share capital	100.0	100.0	–
Capital surplus	736.4	736.4	-0.0
Treasury shares	-344.6	-344.5	+0.1
Other components of equity	-155.4	251.1	+406.5
Retained earnings	1,470.1	1,762.6	+292.4
Non-controlling interests	85.9	90.5	+4.6
Total liabilities and equity	3,852.6	4,611.4	+758.9

※4	Bonds and borrowings(including other financial liabilities)(current & non-current)	342.1	388.9	+46.9
	Derivative liabilities	3.8	4.9	+1.0
	Short-term borrowings	23.8	21.9	-1.9
	Commercial paper	–	–	–
	Current portion of long-term borrowings	20.5	1.2	-19.2
	Current portion of bonds	–	172.4	+172.4
	Long-term borrowings	33.2	35.0	+1.9
	Bonds	237.2	131.1	-106.1
	Other	23.6	22.4	-1.2

※5	Other liabilities(current & non-current)	769.5	732.7	-36.8
	Tobacco excise taxes payable	285.8	291.4	+5.6
	Tobacco special excise taxes payable	14.5	10.0	-4.5
	Tobacco local excise taxes payable	182.4	121.5	-60.9
	Consumption taxes payable	85.4	91.7	+6.3
	Provision for bonuses	45.5	52.6	+7.2
	Compensated absences	19.8	21.5	+1.7
	Other	136.3	144.0	+7.7

2014 Forecasts
【Jan-Dec Like for Like basis】
(as of April 24, 2014)

-FY2014, a transitional period for the change in accounting period, will cover nine months from April 1, 2014 to December 31, 2014. The same change in the accounting period will be applied to those of the Company's consolidated subsidiaries whose current closing date is other than December 31.
-Based on the assumption that the fiscal year of the Company and all of its consolidated subsidiaries is 12 months from January to December, consolidated earnings forecasts for the year ending December 31, 2014 (on Jan-Dec Like for Like basis) will be as follows.

1. Summary of Business Performance

(unit: JPY billion,%)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Revenue	2,372.2	2,430.0	+57.8	+2.4%
Operating profit	643.3	554.0	-89.3	- 13.9%
Profit(attributable to owners of the parent)	443.6	370.0	-73.6	- 16.6%
Basic EPS(yen)[*1]	242.12	203.57	-38.55	- 15.9%
Adjusted Operating profit[*2]	613.0	623.0	+10.0	+1.6%

(参考)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange[*3]	613.0	650.0	+37.0	+6.0%

＊1 :Based on profit attributable to owners of the parent
＊2 :Adjusted Operating profit = Operating profit + Amortization of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
＊3 :FY2013-Actual
FY2014- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2013

2.Breakdown of Revenue

(unit: JPY billion,%)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Revenue	2,372.2	2,430.0	+57.8	+2.4%
Japanese domestic tobacco	690.5	681.0	-9.5	- 1.4%
Core revenue[*1]	656.3	646.0	-10.3	- 1.6%
International tobacco	1,270.0	1,319.0	+49.0	+3.9%
Core revenue[*2]	1,200.7	1,247.0	+46.3	+3.9%
Pharmaceutical	58.2	63.0	+4.8	+8.3%
Beverage	183.8	188.0	+4.2	+2.3%
Processed Food	157.2	165.0	+7.8	+5.0%
Others	12.6	12.5	-0.1	- 0.4%

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Core revenue[*2]	12,273	12,400	+127	+1.0%
International tobacco Core revenue at constant rates of exchange[*2*3]	12,273	12,800	+527	+4.3%

＊1 :Excluding revenue from the distribution business of imported tobacco
＊2 :Includes revenue from waterpipe tobacco, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.
＊3 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

3.OP & Adjusted Operating profit by business segment[*1]

(unit: JPY billion,%)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Consolidated Operating profit	643.3	554.0	-89.3	- 13.9%
Japanese domestic tobacco	235.6	181.0	-54.6	- 23.2%
International tobacco	376.4	398.0	+21.6	+5.7%
Pharmaceutical	-13.7	-13.0	+0.7	—
Beverage	-2.1	-1.5	+0.6	—
Processed Food	0.7	3.0	+2.3	+306.5%
Other/Elimination	46.3	-14.5	-60.8	- 131.3%
Adjusted Operating profit[*1]	613.0	623.0	+10.0	+1.6%
Japanese domestic tobacco[*1]	234.6	234.5	-0.1	- 0.1%
International tobacco[*1]	410.8	425.0	+14.2	+3.4%
Pharmaceutical[*1]	-13.7	-13.0	+0.7	—
Beverage[*1]	-2.1	-1.5	+0.6	—
Processed Food[*1]	0.6	3.0	+2.4	+387.8%
Other/Elimination[*1]	-17.3	-26.0	-8.7	—

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Adjusted Operating profit[*1]	4,206	4,230	+24	+0.6%
International tobacco Adjusted Operating profit at constant rates of exchange[*1*2]	4,206	4,630	+424	+10.1%

＊1 :Adjusted Operating profit = Operating profit + Amortization of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
＊2 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

4.Business data

【Japanese domestic tobacco business】	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change	
JT sales volume[*]	116.5	112.5	-4.0	- 3.5%	BNU

＊: Sales volume of domestic duty-free and China business is excluded

【International tobacco business】	2013	2014	Change	Rates of Change	
Total shipment volume[*1]	417.5	405.0	-12.5	- 3.0%	BNU
GFB shipment volume	267.5	263.0	-4.5	- 1.7%	BNU
JPY/USD rate for consolidation	97.73	100.00	+2.27	-2.3%	JPY
RUB/USD rate for consolidation	31.84	36.00	+4.16	-11.6%	RUB
GBP/USD rate for consolidation	0.64	0.60	-0.04	6.6%	GBP
EUR/USD rate for consolidation	0.75	0.72	-0.03	4.6%	EUR
CHF/USD rate for consolidation	0.93	0.88	-0.05	5.3%	CHF
TWD/USD rate for consolidation	29.68	30.30	+0.62	-2.0%	TWD

＊1: Total shipment volume includes fine cut, cigars, pipe tobacco and snus, but excludes contract manufactured products and waterpipe tobacco

2014 Forecasts
【Reported basis】
(as of April 24, 2014)

-FY2014, a transitional period for the change in accounting period, will cover nine months from April 1, 2014 to December 31, 2014. The same change in the accounting period will be applied to those of the Company's consolidated subsidiaries whose current closing date is other than December 31.
-For its consolidated subsidiaries whose current closing date is December 31, the accounting period will remain unchanged, covering the twelve months from January 1, 2014 to December 31, 2014.

1. Summary of Business Performance

(unit: JPY billion,%)

	FY2013	FY2014
Revenue	2,399.8	2,150.0
Operating profit	648.3	482.0
Profit(attributable to owners of the parent)	428.0	344.0
Basic EPS(yen)*1	235.48	189.27
Adjusted Operating profit*2	641.8	552.0
DPS(yen)	96.00	100.00
Payout ratio*3	40.8%	52.8%
ROE(attributable to owners of the parent)*4	19.9%	13.8%

*1 :Based on profit attributable to owners of the parent
2 :Adjusted Operating profit = Operating profit + Amortization of acquired intangibles + Adjusted items (income and costs)
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
*3 :Payout ratio=Dividend per share/Basic EPS
*4 :Based on Profit attributable to owners of parent company and Equity attributable to owners of the parent company

2.Breakdown of Revenue

(unit: JPY billion,%)

	FY2013	FY2014
Revenue	2,399.8	2,150.0
Japanese domestic tobacco	710.3	501.0
Core revenue*1	676.2	475.0
International tobacco*2	1,270.0	1,319.0
Core revenue*3	1,200.7	1,247.0
Pharmaceutical	64.4	45.0
Beverage	184.5	146.0
Processed Food	156.9	130.0
Others	13.6	10.5

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Core revenue*2*3	12,273	12,400	+127	+1.0%
International tobacco Core revenue at constant rates of exchange*2*3*4	12,273	12,800	+527	+4.3%

*1 :Excluding revenue from the distribution business of imported tobacco
*2 :International tobacco business: Year ended 2013 and year ending 2014
*3 :Includes revenue from waterpipe tobacco, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.
*4 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

3.OP & Adjusted Operating profit by business segment*1

(unit: JPY billion,%)

	FY2013	FY2014
Consolidated Operating profit	648.3	482.0
Japanese domestic tobacco	258.1	115.0
International tobacco*2	376.4	398.0
Pharmaceutical	-9.0	-12.5
Beverage	-2.1	-1.0
Processed Food	-0.2	3.0
Other/Elimination	25.0	-21.5
Adjusted Operating profit*1	641.8	552.0
Japanese domestic tobacco*1	257.7	168.0
International tobacco*1*2	410.8	425.0
Pharmaceutical*1	-9.0	-12.5
Beverage*1	-2.1	-1.0
Processed Food*1	0.6	3.0
Other/Elimination*1	-16.2	-31.5

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Adjusted Operating profit*1*2	4,206	4,230	+24	+0.6%
International tobacco Adjusted Operating profit at constant rates of exchange*1*2*3	4,206	4,630	+424	+10.1%

1 :Adjusted Operating profit = Operating profit + Amortization of acquired intangibles + Adjusted items (income and costs)
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
*2 :International tobacco business: Year ended 2013 and year ending 2014
*3 :2013-Actual
2014-at the same foreign exchange rates between local currency vs USD at 2013

4.Consolidated cash flows data

(unit: JPY billion,%)

	FY2013	FY2014
FCF*	212.6	364.0

* : FCF is total of cash flows from operating activities and investing activities excluding the following items;
Cash flows from interest and dividends received and its tax effect / interest paid and its tax effect in operating activities.
Cash flows from purchase of short-term investment securities, proceeds from sale and redemption of short-term investment securities, purchase of investment securities, proceeds from sale of investment securities, payments into time deposits, proceeds from withdrawal of time deposits and others in investing activities (those from purchase/sale of securities held for business operation are not included here).

5.Capital expenditures

(unit: JPY billion,%)

	FY2013	FY2014
Capital expenditures	156.2	154.0
Japanese domestic tobacco	49.1	41.0
International tobacco*	78.5	89.0
Pharmaceutical	3.9	3.0
Beverage	14.6	9.0
Processed Food	4.9	6.0
Other/Elimination and corporate	5.1	6.0

* : International business: Year ended 2013 and year ending 2014

6.Business data

【Japanese domestic tobacco business】	FY2013	FY2014	
JT sales volume*	120.1	82.0	BNU

* : Sales volume of domestic duty-free and China business is excluded

【International tobacco business】*1	2013	2014	Change	Rates of Change	
Total shipment volume*2	417.5	405.0	-12.5	- 3.0%	BNU
GFB shipment volume	267.5	263.0	-4.5	- 1.7%	BNU
JPY/USD rate for consolidation	97.73	100.00	+2.27	-2.3%	JPY
RUB/USD rate for consolidation	31.84	36.00	+4.16	-11.6%	RUB
GBP/USD rate for consolidation	0.64	0.60	-0.04	6.6%	GBP
EUR/USD rate for consolidation	0.75	0.72	-0.03	4.6%	EUR
CHF/USD rate for consolidation	0.93	0.88	-0.05	5.3%	CHF
TWD/USD rate for consolidation	29.68	30.30	+0.62	-2.0%	TWD

*1: International business: Year ended 2013 and year ending 2014
*2: Total shipment volume includes fine cut, cigars, pipe tobacco and snus, but excludes contract manufactured products and waterpipe tobacco

Data of JT products in Japanese market

* Excludes sales from the China, Hong Kong, and Macau markets and domestic duty-free sales.

Japanese Domestic Tobacco Business Results

1. Quarterly Sales Volume (billions of cigarettes)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	18.4	32.5	30.0	27.5	108.4
FY 03/2013	29.4	30.2	29.8	26.8	116.2
FY 03/2014	29.3	30.3	30.1	30.4	120.1

2. Quarterly Retail Price Sales (billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	373.6	662.5	610.0	560.3	2,206.5
FY 03/2013	596.7	612.9	605.2	544.2	2,358.9
FY 03/2014	593.3	614.1	608.5	615.6	2,431.5

* Retail price sales = sales volume × fixed retail price.

3. Quarterly Net Sales Excluding Excise Tax/ Revenue Per Thousand Cigarettes (JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	5,444	5,516	5,509	5,515	5,502
FY 03/2013	5,508	5,505	5,499	5,498	5,503
FY 03/2014	5,491	5,485	5,481	5,483	5,485

* Net sales excluding excise tax /Revenue per thousand cigarettes
= (retail price sales-retailer margins-consumption tax-excise taxes)
/sales volume×1,000

4. Quarterly JT Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	40.8	59.3	58.7	59.2	54.9
FY 03/2013	59.4	59.7	59.6	59.5	59.6
FY 03/2014	60.5	60.7	61.1	61.5	61.0

Market Share in Growing Segments

1. 1mg Tar

(1) JT 1mg Tar Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	9.8	14.1	14.1	14.3	13.2
FY 03/2013	14.4	14.2	14.3	14.4	14.3
FY 03/2014	14.7	14.7	14.7	14.8	14.7

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	24.7	23.9	24.1	24.4	24.3
FY 03/2013	24.5	24.2	24.4	24.5	24.4
FY 03/2014	24.5	24.5	24.4	24.6	24.5

(3) JT Share in 1mg Tar Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	39.6	58.8	58.5	58.7	54.2
FY 03/2013	58.8	58.7	58.6	58.8	58.7
FY 03/2014	60.0	59.9	60.3	60.3	60.1

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	3.2	6.3	6.6	6.9	5.8
FY 03/2013	7.5	7.6	7.4	7.7	7.6
FY 03/2014	8.3	8.8	9.0	9.0	8.8

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	26.1	24.2	25.1	25.0	25.1
FY 03/2013	25.6	25.7	25.6	26.2	25.8
FY 03/2014	26.3	26.3	26.4	26.1	26.3

(3) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	12.4	26.2	26.4	27.5	23.2
FY 03/2013	29.3	29.4	28.9	29.6	29.3
FY 03/2014	31.6	33.4	34.0	34.4	33.4

3. JPY 440 or above*

(1) JT JPY 440 or above Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	8.1	15.1	14.9	14.8	13.4
FY 03/2013	14.7	14.8	14.5	14.5	14.6
FY 03/2014	14.5	14.4	14.7	14.7	14.6

(2) JPY 440 or above Product Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	37.6	36.4	37.0	36.6	36.9
FY 03/2013	36.6	36.9	39.5	36.6	36.7
FY 03/2014	36.1	35.9	36.0	35.9	36.0

(3) JT Share in JPY 440 or above Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	21.5	41.3	40.2	40.4	36.2
FY 03/2013	40.1	40.2	36.7	39.7	39.9
FY 03/2014	40.1	40.1	40.8	41.0	40.5

Japan Tobacco Inc. Clinical Development as of April 24, 2014

＜In-house development＞

Code （Generic Name）	Potential Indication/Dosage form	Mechanism		Phase	Note
JTK-303 (elvitegravir)	HIV infection /Oral	HIV Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV.	**<u>Standalone-Agent</u>** Preparing to file (Japan)	In-house
				<u>New Single Tablet Regimen</u> (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide) Phase3 (Japan) Global Study*	Elvitegravir; In-house Cobicistat, Emtricitabine, Tenofovir Alafenamide; In-license (Gilead Sciences)
JTT-851	Type 2 diabetes mellitus /Oral	G protein-coupled receptor 40 agonist	Decreases blood glucose by stimulation of glucose-dependent insulin secretion.	Phase2 (Japan) Phase2 (Overseas)	In-house
JTZ-951	Anemia associated with chronic kidney disease /Oral	HIF-PHD inhibitor	Increases red blood cells by stimulating production of erythropoietin, an erythropoiesis-stimulating hormone, via inhibition of HIF-PHD.	Phase2(Japan) Phase1(Overseas)	In-house
JTE-051	Autoimmune/allergic diseases /Oral	Interleukin-2 inducible T cell kinase inhibitor	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response.	Phase1(Overseas)	In-house
JTE-052	Autoimmune/allergic diseases /Oral, Topical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase1(Japan)	In-house
JTE-151	Autoimmune/allergic diseases /Oral	RORγ antagonist	Suppresses overactive immune response via inhibition of ROR γ related to Th 17 activation.	Phase1(Overseas)	In-house
JTE-350** (histamine dihydrochloride)	Diagnostic product /Positive control solution in the skin prick test	Histamine receptor agonist	Induces wheal and flare as histamine reactions on the epidermis in the skin prick test.	Preparing to file (Japan)	In-license （ALK-Abelló） Co-development with Torii
JTT-251	Type 2 diabetes mellitus /Oral	PDHK inhibitor	Decreases blood glucose by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1(Overseas)	In-house

Clinical trial phase presented above is based on the first dose.

*Part of global study conducted by Gilead Sciences.
**One of the medical products publicly offered for a development company by the Study Group on Unapproved and Off-label Drugs of High Medical Need, set up by the Ministry of Health, Labour and Welfare.

＜Licensed compounds＞

Compound （JT's code）	Licensee	Mechanism		Note
elvitegravir （JTK-303）	Gilead Sciences	HIV Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV.	<u>Elvitegravir</u> U.S. marketing approval submitted <u>New Single Tablet Regimen</u> (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide) Phase3
trametinib	GlaxoSmithKline	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK Kinase (MEK1/2).	<u>Metastatic melanoma</u> EU marketing approval submitted
Anti-ICOS monoclonal antibody	MedImmune	ICOS antagonist	Suppresses overactive immune response via inhibition of ICOS which regulates activation of T cells.	

Updates since the previous announcement on January 30, 2014:

<In-house development>
- JTT-251 has entered into the clinical trial stage (Phase1) overseas.
- Topical formulation has been added to the potential dosage form of JTE-052.
- JTE-350 has advanced from Phase3 to "preparing to file" in Japan.

<Licensed compounds>
- GlaxoSmithKline announced that it has withdrawn its Marketing Authorization Application to the European Medecines Agency for the use of trametinib in combination with dabrafenib for the treatment of patients with metastatic melanoma on March 26, 2014.