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FOR IMMEDIATE RELEASE

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JT's Consolidated Financial Results for FY2014

Double-digit growth in adjusted operating profit at constant FX driven by international tobacco business

Results for January 1 – December 31, 2014 on a Like-for-Like basis

- Strong price/mix in the international tobacco business and further depreciation of the Japanese Yen against the US Dollar were the key factors driving growth of 2.6% in revenue and 7.8% in adjusted operating profit. Adjusted operating profit at constant FX increased 10.6%.

- Profit attributable to owners of the parent declined 12.2%, affected by one-off factors including expenses relating to measures to strengthen the competitiveness of the Japanese domestic tobacco business and to the proposed restructure of manufacturing facilities in Europe as well as lower gains from real estate asset disposals.

- International Tobacco Business: Achieved double-digit earnings growth of 13.1% in US Dollars at constant FX through strong price/mix, more than compensating for the overall volume decline. On a reported basis, adjusted operating profit increased 1.1% affected by unfavorable exchange rates of local currencies against the US Dollar. In Japanese Yen, adjusted operating profit grew 8.8% due to the currency depreciation against the US Dollar.

- Japanese Domestic Tobacco Business: A number of initiatives with the aim of strengthening the brand equity and retaining consumers facilitated the recovery of market share after the April consumption tax (VAT) hike. Adjusted operating profit grew 1.8% driven by the price/mix effect achieved through the consumer retaining initiatives and continuous cost improvement.

- The Company's Board is recommending a total dividend per share of ¥100, including a first half-year dividend per share of ¥50.

"Business Plan 2015"

- Adjusted operating profit at constant FX is forecast to increase 6.8%, due to growth in tobacco businesses.

- Revenue and adjusted operating profit are forecast to decline 2.2% and 11.4% respectively for the 12 months as a result of unfavorable currency movements. Profit attributable to owners of the parent is expected to decrease 0.5% due to favorable comparison to the previous year, which recognized the expenses relating to the restructuring costs in the tobacco businesses.

- For the fiscal year 2015, the Company intends to increase the total dividend per share to ¥108.

- The Board of Directors has made a resolution on particulars related to the acquisition of the Company's own shares today as a supplemental measure for the adjusted EPS growth at constant FX in the mid- to long-term in the framework of shareholder return.
  - Number of shares: Up to 36,000,000 shares
  - Total amount: Up to ¥100,000,000,000
  - Period: From February 9, 2015 to June 9, 2015

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

"Our international tobacco business delivered another set of impressive financial results and continues to be the profit growth engine of the JT Group. This strong performance was driven by a combination of pricing gains, continued growth in GFB share of market and share of value, and effective cost management. We continue to prioritize quality top line growth and invest in our brands as well as our product portfolio and geographic footprint.

Domestically, after the April consumption tax hike, we increased investment in brand equity with a particular focus on Mevius and higher unit price products, which resulted in an increase of our share of value. As we make the transition to a more agile sales operation, we will strengthen our ability to anticipate and respond to the consumers' needs in what has become an increasingly competitive environment.

I believe the determined pursuit of the "4S" model standards will give us the ability to overcome any challenges that may lie ahead. Our highly motivated employees will create additional value for our consumers, leading to the sustainable profit growth and a competitive return to shareholders. Guided by these principles, we will continue to prioritize business investments, while aiming to exceed the expectations of all our stakeholders."

Consolidated Financial Results for January 1 – December 31, 2014

(billions of Yen)	January - December		Difference	Net Change
	2013	2014		
Revenue	2,372.2	2,433.5	61.3	2.6%
Adjusted operating profit	612.6	660.1	47.5	7.8%
Operating profit	642.7	571.8	-70.9	-11.0%
Profit attributable to owners of the parent	443.0	389.1	-54.0	-12.2%

At constant FX:

Adjusted operating profit	612.6	677.8	65.1	10.6%

- **Change of the accounting period**
  Fiscal year 2014 was a transitional year for JT Group after changing its accounting period from March 31 to December 31. On a reported basis fiscal year 2014 covered nine months for Japanese domestic businesses and 12 months for the consolidated subsidiaries which operate the Group's international tobacco business. In order to present results on a comparable basis, in this document the Company refers to fiscal year 2014 and fiscal year 2013 as a full calendar year from January 1 to December 31.

- **Revenue**
  Revenue increased 2.6% primarily driven by strong price/mix in the international tobacco business and the depreciation of the Japanese currency.

- **Adjusted Operating Profit**
  Adjusted operating profit increased 7.8%, or 10.6% at constant FX, due to the solid business performance in the international tobacco business and the currency impact.

- **Profit Attributable to Owners of the Parent**
  Profit attributable to owners of the parent declined 12.2%. This was mainly due to expenses of approximately ¥57.0 billion for the measures to strengthen the competitiveness of the Japanese domestic tobacco business, ¥29.0 billion for the proposed restructuring of manufacturing facilities in Europe and ¥20.0 billion lower gains from the disposal of real estate assets in comparison with the previous year.

- **Dividend**
  The Company's Board of Directors is recommending a second half-year dividend per share of ¥50. Accordingly, a total dividend per share of ¥100 is now forecast, including the payment of a first half-year dividend of ¥50.

Results by Business Segment

International Tobacco Business

(billions of units, billions of Yen)	January - December		Net Change
	2013	2014	
Total shipment volume[1]	417.5	398.0	-4.7%
GFB shipment volume	267.5	262.2	-2.0%
Core revenue[2]	1,200.7	1,258.2	4.8%
Adjusted operating profit	410.8	447.1	8.8%

Total shipment volume declined 4.7%, primarily driven by industry volume contraction in Russia, which could not be offset by growth in Benelux markets, the Caucasus, Germany, Hungary, the Middle East markets and Turkey. GFB shipment volume declined 2.0% to 262.2 billion units. Year-on-year market share[3] increased in the key markets of France, Spain, Turkey and the UK. In Russia, GFB share of market continued to grow driven by Winston, which reached a record 15%.

In US Dollars at constant FX, core revenue and adjusted operating profit grew 3.5% and 13.1% respectively, with robust price/mix compensating for the overall volume decline. On a reported basis, due to unfavorable local currency movements against the US Dollar, core revenue declined 3.0% while adjusted operating profit increased 1.1%. In Japanese Yen, as a result of the currency depreciation against the US Dollar, core revenue and adjusted operating profit grew 4.8% and 8.8% respectively.

Japanese Domestic Tobacco Business

(billions of units, billions of Yen)	January - December		Net Change
	2013	2014	
Total sales volume	116.5	112.4	-3.6%
Core revenue	656.3	649.8	-1.0%
Adjusted operating profit	234.6	238.7	1.8%

Total sales volume decreased 3.6%, affected by a 3.4% decline in industry volumes. Core revenue declined 1.0% partially offset by the price/mix effect of the consumer retaining initiatives. Adjusted operating profit showed an increase of 1.8% driven by the price/mix effect as well as continuous cost reduction.

Since the April tax hike, the Company specifically focused its consumer retaining initiatives on brands such as Mevius, Seven Stars and Peace whose prices were increased by more than other brands. While the market witnessed significantly intensified sales promotions, including tactical pricing by competitors, Mevius and in particular its Premium Menthol Option line remained strong, steadily leading the recovery of overall market share, which had fallen to 59.1% in April because of the tax increase. Market share for 2014 was 60.4% (2013: 60.5%).

Pharmaceutical Business

(billions of Yen)	January - December		Difference
	2013	2014	
Revenue	58.2	65.8	7.6
Adjusted operating profit	-13.7	-7.3	6.3

Increased royalty revenue from the sales of original JT compounds that have been out-licensed, as well as higher sales of Riona Tablets 250mg and Stribild Combination Tablets by Torii Pharmaceutical, resulted in ¥7.6 billion revenue growth, reaching a total of ¥65.8 billion at the end of the year. Due to these factors adjusted operating profit improved by ¥6.3 billion to -¥7.3 billion.

Key achievements in 2014:

- JT
  JTE-052 (JAK inhibitor): exclusive rights to develop and market for topical use in dermatological indications worldwide outside Japan out-licensed to LEO Pharma in November
  JTK-303 (elvitegravir) /cobicistat/emtricitabine/tenofovir alafenamide (HIV infection): partner submitted regulatory applications in the US and Europe
- Torii Pharmaceutical
  Riona Tablets 250mg (Hyperphosphatemia): launched in Japan in May
  Cedartolen Sublingual Drop (Cedar pollinosis): launched in Japan in October

Beverage Business

(billions of Yen)	January – December		Difference
	2013	2014	
Revenue	183.8	181.3	-2.5
Adjusted operating profit	-2.1	-0.5	1.6

The beverage business continued to invest in strengthening its products, focusing on “Roots”, our flagship brand. However, revenue was affected by adverse weather conditions in the summer as well as intensified competition in over the counter sales, which led to the overall ¥2.5 billion decline in annual figures. Adjusted operating profit improved year on year by ¥1.6 billion due to efficient cost management and lower expenses related to raw materials.

Processed Food Business

(billions of Yen)	January – December		Difference
	2013	2014	
Revenue	157.2	161.2	4.0
Adjusted operating profit	0.6	1.4	0.8

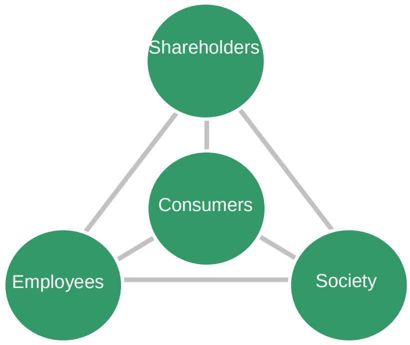
Despite the depreciation of the Japanese Yen and higher cost of raw materials, revenue and adjusted operating profit increased ¥4.0 billion and ¥0.8 billion respectively due to higher sales of staple food products.

"Business Plan 2015"

- **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. Pursuing a competitive level of dividend payout ratio in comparison with global FMCG players of no less than 50%, it will achieve a consolidated dividend payout ratio of 50% for the fiscal year 2015. 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 as a supplemental measure for the adjusted EPS growth.

- **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 international tobacco business strengthens its role as the Group's profit growth engine, while the Japanese domestic tobacco business remains a highly competitive platform of profitability.

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 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.

As announced in the February 4, 2015 statement, the Company has decided to withdraw from the manufacture and sale of JT beverage products.

Investment to enhance the competitiveness of the tobacco businesses is the priority of the Company's resource allocation. At the same time, it will steadily invest in the pharmaceutical and the processed food businesses focusing on building a foundation that would allow them to contribute to the Group's profit.

Consolidated Forecast for FY2015

- **Change of the accounting period**

  Fiscal year 2014 was a transitional year for JT Group after changing its accounting period from March 31 to December 31. On a reported basis fiscal year 2014 covered nine months for Japanese domestic businesses and 12 months for the consolidated subsidiaries which operate the Group's international tobacco business. In order to present fiscal year 2015 forecast on a comparable basis, the Company refers to fiscal year 2014 as a full calendar year from January 1 to December 31.

Unit: Billions of Yen

	Jan-Dec 2014 Actual (A)	Jan-Dec 2015 Forecast (B)	Change from 2014 Actual (B)-(A)
Revenue	2,433.5	2,380.0	-53.5 (-2.2%)
Adjusted operating profit	660.1	585.0	-75.1 (-11.4%)
Operating profit	571.8	539.0	-32.8 (-5.7%)
Profit attributable to owners of the parent	389.1	387.0	-2.1 (-0.5%)

Forecast at constant FX

Adjusted operating profit	660.1	705.0	44.9 (6.8%)

- At constant FX adjusted operating profit is forecast to grow 6.8% due to growth in tobacco businesses. On a reported basis revenue and adjusted operating profit are forecast to decrease 2.2% and 11.4% respectively as a result of depreciation of local currencies such as the Russian Ruble and Euro against the US Dollar.

- Due to favorable comparison to the previous year, when the expenses relating to restructuring costs in tobacco businesses were recognized, profit attributable to the owners of the parent is expected to decrease 0.5%.

Forecasts by Business Segment

- **International Tobacco Business:** Total shipment volume is expected to decline 1.5% due to ongoing industry contraction in Russia and Europe. GFB shipment volume is forecast to increase 1.1% driven by share of market momentum and supported by increased investment. Adjusted operating profit at constant FX[4] in US Dollars is expected to grow by 8.0%, led by robust pricing and mix improvement, while adjusted operating profit on a reported basis is forecast to decline 25.9% primarily due to the depreciation of the Ruble against the US Dollar. In Japanese Yen adjusted operating profit is forecast to decrease 19.0%.

- **Japanese Domestic Tobacco Business:** Total sales volume is expected to decrease 3.0% as the overall demand is to decline by approximately 3%. As a result, core revenue is set to decline 2.3% partly offset by the improved price/mix effect. Adjusted operating profit is to grow 4.7% due to improved price/mix, the effect of the measures to strengthen the competitiveness and continuous cost management.

- **Pharmaceutical Business:** Revenue is forecast to increase by ¥8.2 billion to ¥74.0 billion 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. Adjusted operating profit is expected to improve by ¥2.8 billion to -¥4.5 billion.

- **Beverage Business:** As the business impact and costs relating to the withdrawal from manufacture and sale of JT beverage products have not been confirmed at present, the consolidated forecast for fiscal year 2015 does not recognize the effects of the decision.

- **Processed Food Business:** As a result of sales growth in staple food products driven by introduction of higher added value products, revenue is forecast to grow ¥6.8 billion to ¥168.0. Despite higher raw materials costs and the depreciation of the Japanese Yen, adjusted operating profit is forecast to improve to ¥1.5 billion due to an increase in revenue.

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Japan Tobacco Inc. is a leading international tobacco company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius and LD. With diversified operations, JT is also actively present in pharmaceuticals and processed foods. The company's revenue was ¥2.154 trillion (US$17,867 million(*)) in the fiscal year ended December 31, 2014(**).

**Translated at the rate of ¥120.55 per $1, as of December 31, 2014*
***Due to a change in the accounting period from March 31 to December 31, the fiscal year 2014 covered nine months for Japanese domestic businesses and 12 months for the consolidated subsidiaries which operate the Group's international tobacco business. On a comparable full calendar year basis, revenue was ¥2.433 trillion (US$20,186 million(*)).*

Notes:

[1] Including fine cut, cigars, pipe tobacco and snus, but excluding contract manufactured products, waterpipe tobacco and emerging products.
Following a recent assessment of fine cut consumption, the conversion rate from tons to cigarette equivalent units for High Volume Tobacco has been adjusted since 2014. 2013 figures for Total and GFB shipment volume have been restated accordingly.

[2] Revenue including waterpipe tobacco and emerging products, but excluding revenue from distribution, contract manufacturing and other peripheral businesses.

[3] Source: IRI, Logista, Nielsen and JTI estimates on a 12-month rolling average, unless otherwise specified, for cigarettes and fine cut at the end of December 2014. Spain is on a 12-month rolling average at the end of November 2014. 12-month share of market growth for November 2014 markets is calculated against a 12-month share of market at the end of December 2013.

[4] The exchange rate assumptions for US $1.00 are: Ruble 65.00, UK Sterling 0.64, Euro 0.90, Swiss Franc 0.90, Taiwan Dollar 31.15, Turkish Lira 2.25 and ¥115.00. 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.

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

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Results for 2014
[Jan-Dec Like for Like basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was 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 results for fiscal year 2013 and fiscal year 2014 (on Like for Like basis) are as follows.
- Revenue, operating profit, adjusted operating profit and profit attributed to owners of the parent company for January - December, 2014 would be disclosed in the Annual Securities Report, which will be audited.
- For the purpose of fair comparison and reference, the same accounting methods were applied to both financial results of January - December 2013 and 2014. Financial results of January - December, 2013 will not be audited.

1. Summary of Business Performance

(unit: JPY billion,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
Revenue	2,372.2	2,433.5	+61.3	+2.6%
Operating profit	642.7	571.8	-70.9	- 11.0%
Profit before income taxes	630.5	573.6	-56.9	- 9.0%
Profit	451.6	395.7	-55.9	- 12.4%
Profit(attributable to owners of parent company)	443.0	389.1	-54.0	- 12.2%
Basic EPS(yen)	241.80	214.06	-27.73	- 11.5%
Diluted EPS(yen)	241.66	213.94	-27.72	- 11.5%
Adjusted Operating profit*1	612.6	660.1	+47.5	+7.8%
Adjusted Profit*2	406.9	434.7	+27.7	+6.8%
Adjusted EPS(yen)*3	221.98	239.01	+17.03	+7.7%

(Reference) (unit: JPY billion,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange*3	612.6	677.8	+65.1	+10.6%
Adjusted EPS at constant rates of exchange*3*4	221.98	246.57	24.59	11.1%

*1 :Adjusted Operating profit
= Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2 :Adjusted Profit
=Profit for the year (profit attributable to owners of the parent company) ± adjustment items (income and costs)* ± (tax and minority interests adjustments)
* Adjustment items (income and costs): impairment losses on goodwill± restructuring income and costs ± others

3 :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

*4 :2013 Jan-Dec -Actual
2014 Jan-Dec -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as 2013 Jan-Dec

2.Breakdown of Revenue

(unit: JPY billion,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
Revenue	2,372.2	2,433.5	+61.3	+2.6%
Japanese domestic tobacco	690.5	685.9	-4.6	- 0.7%
Core revenue*1	656.3	649.8	-6.5	- 1.0%
International tobacco	1,270.0	1,328.0	+58.0	+4.6%
Core revenue*2	1,200.7	1,258.2	+57.5	+4.8%
Pharmaceutical	58.2	65.8	+7.6	+13.1%
Beverage	183.8	181.3	-2.5	- 1.4%
Processed food	157.2	161.2	+4.0	+2.6%
Others	12.6	11.3	-1.3	- 10.1%

(Reference) (unit: USD million,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
International tobacco Core revenue*2	12,273	11,911	-363	- 3.0%
International tobacco Core revenue at constant rates of exchange*2*3	12,273	12,700	+427	+3.5%

*1 :Excluding revenue from the distribution business of imported tobacco
*2 :Includes revenues from waterpipe tobacco and emerging products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.

*3 :2013 Jan-Dec -Actual
2014 Jan-Dec -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD as 2013 Jan-Dec

Results for 2014
[Jan-Dec Like for Like basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was 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 results for fiscal year 2013 and fiscal year 2014 (on Like for Like basis) are as follows.
- Revenue, operating profit, adjusted operating profit and profit attributed to owners of the parent company for January - December, 2014 would be disclosed in the Annual Securities Report, which will be audited.
- For the purpose of fair comparison and reference, the same accounting methods were applied to both financial results of January - December 2013 and 2014. Financial results of January - December, 2013 will not be audited.

3.Adjusted Operating profit by business segment*1

(unit: JPY billion,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
Consolidated Operating profit	642.7	571.8	-70.9	- 11.0%
Adjustment*2	-30.1	88.3	+118.4	-
Adjusted Operating profit*1	612.6	660.1	+47.5	+7.8%
Japanese domestic tobacco Operating profit	235.6	181.5	-54.1	- 23.0%
Adjustment*2	-1.0	57.2	+58.2	-
Adjusted Operating profit*1	234.6	238.7	+4.1	+1.8%
International tobacco Operating profit	376.4	379.5	+3.0	+0.8%
Adjustment*2	34.4	67.6	+33.2	+96.3%
Adjusted Operating profit*1	410.8	447.1	+36.2	+8.8%
Pharmaceutical Operating profit	-13.7	-7.3	+6.3	-
Adjustment*2	―	―	―	-
Adjusted Operating profit*1	-13.7	-7.3	+6.3	-
Beverage Operating profit	-2.1	-0.5	+1.6	-
Adjustment*2	―	―	―	-
Adjusted Operating profit*1	-2.1	-0.5	+1.6	-
Processed food Operating profit	0.7	-1.2	-1.9	-
Adjustment*2	-0.1	2.6	+2.7	-
Adjusted Operating profit*1	0.6	1.4	+0.8	+136.5%
Others/Elimination Operating profit	45.7	19.9	-25.9	- 56.6%
Adjustment*2	-63.4	-39.1	+24.3	-
Adjusted Operating profit*1	-17.6	-19.3	-1.6	-

(Reference) (unit: USD million,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
International tobacco Adjusted Operating profit*1	4,206	4,253	+47	+1.1%
International tobacco Adjusted Operating profit at constant rates of exchange*1*3	4,206	4,757	+551	+13.1%

(Reference) Depreciation and amotization (unit: JPY billion,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
Depreciation and amotization	132.7	139.5	+6.9	+5.2%
Japanese domestic tobacco	44.2	44.7	+0.5	+1.0%
International tobacco	63.7	69.9	+6.2	+9.7%
Pharmaceutical	3.6	4.2	+0.6	+17.4%
Beverage	10.6	10.9	+0.4	+3.4%
Processed food	7.0	6.6	-0.4	- 5.1%
Others/Elimination	3.5	3.1	-0.4	- 11.9%

*1 :Adjusted Operating profit
= Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

2 :Adjustment = Amortization cost of acquired intangibles + Adjusted items (income and costs)
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*3 :2013 Jan-Dec -Actual
2014 Jan-Dec -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD as 2013 Jan-Dec

Results for 2014
[Jan-Dec Like for Like basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was other than December 31.
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4.Consolidated cash flow data

(unit: JPY billion,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
FCF*	316.4	455.4	+139.0	+43.9%

＊ :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,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
Capital expenditures	168.6	140.9	-27.7	-16.4%
Japanese domestic tobacco	61.2	41.0	-20.2	-33.0%
International tobacco	78.5	74.2	-4.3	-5.5%
Pharmaceutical	3.5	4.7	+1.2	+33.9%
Beverage	15.4	10.7	-4.7	-30.8%
Processed food	4.8	4.7	-0.1	-1.7%
Others/Elimination	5.1	5.5	+0.4	+8.5%

6.Business data

【Japanese domestic tobacco business】	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change	
JT sales volume*	116.5	112.4	-4.2	- 3.6%	BNU
Industry volume	192.6	186.2	-6.5	- 3.4%	BNU
JT market share	60.5%	60.4%	-0.1%pt		
JT revenue per 1,000 cigarettes	5,488	5,617	+128	+2.3%	JPY

＊ :Sales volume of domestic duty-free and China business is excluded, which was 3.3 billion for 2013 Jan-Dec and 3.4 billion for 2014 Jan-Dec, respectively.

【International tobacco business】	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change	
Total shipment volume*	417.5	398.0	-19.5	- 4.7%	BNU
GFB shipment volume	267.5	262.2	-5.3	- 2.0%	BNU
JPY/USD rate for consolidation	97.73	105.79	+8.06	+8.2%	JPY
RUB/USD rate for consolidation	31.84	38.40	+6.55	- 17.1%	RUB
GBP/USD rate for consolidation	0.64	0.61	-0.03	+5.3%	GBP
EUR/USD rate for consolidation	0.75	0.75	+0.00	-0.0%	EUR
CHF/USD rate for consolidation	0.93	0.91	-0.01	+1.3%	CHF
TWD/USD rate for consolidation	29.68	30.31	+0.62	-2.1%	TWD

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

(unit: JPY billion,%)

<Pharmaceutical business>	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
R&D expenses	30.9	28.9	-2.0	- 6.5%

(unit: million case,%)

<Beverage business>	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
Sales of JT products	32.67	29.13	-3.54	- 10.8%
Roots	17.84	15.87	-1.97	- 11.1%

	As of end of Mar.2014	As of end of Dec.2014	Change
Number of beverage vending machines*	266,000	264,000	-2,000
JT-owned	44,000	44,000	+0
Combined	82,000	84,000	+2,000
Others	140,000	136,000	-4,000

＊ :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.

Results for 2014
[Jan-Dec Like for Like basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was 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 results for fiscal year 2013 and fiscal year 2014 (on Like for Like basis) are as follows.
- Revenue, operating profit, adjusted operating profit and profit attributed to owners of the parent company for January - December, 2014 would be disclosed in the Annual Securities Report, which will be audited.
- For the purpose of fair comparison and reference, the same accounting methods were applied to both financial results of January - December 2013 and 2014. Financial results of January - December, 2013 will not be audited.

7.Account titles of P/L

	2013 Jan-Dec	2014 Jan-Dec	Change
Revenue	2,372.2	2,433.5	+61.3
Cost of sales	972.9	987.2	+14.4
Gross profit	1,399.3	1,446.2	+46.9
Other Operating income	75.2	50.5	-24.7
Gain on sale of tangible fixed assets, intangible assets and investment properties	63.0	42.7	-20.3
Others	12.1	7.7	-4.4
Share of profit in investments accounted for using the equity method	1.7	7.8	+6.1
SG&A	833.5	932.8	+99.3
Operating profit	642.7	571.8	-70.9
Amotization cost of acquired intangibles	26.0	29.5	+3.5
Adjustment items (income)	-65.1	-46.1	+19.0
Adjustment items (costs)	9.0	105.0	+95.9
Adjusted Operating profit *	612.6	660.1	+47.5
Japanese domestic tobacco Operating profit	235.6	181.5	-54.1
Amotization cost of acquired intangibles	—	—	—
Adjustment items (income)	-1.0	-0.2	+0.9
Adjustment items (costs)	0.1	57.4	+57.3
Adjusted Operating profit *	234.6	238.7	+4.1
International tobacco Operating profit	376.4	379.5	+3.0
Amotization cost of acquired intangibles	26.0	29.5	+3.5
Adjustment items (income)	-3.0	-4.2	-1.2
Adjustment items (costs)	11.5	42.4	+30.9
Adjusted Operating profit *	410.8	447.1	+36.2
Pharmaceutical Operating profit	-13.7	-7.3	+6.3
Amotization cost of acquired intangibles	—	—	—
Adjustment items (income)	—	—	—
Adjustment items (costs)	—	—	—
Adjusted Operating profit *	-13.7	-7.3	+6.3
Beverage Operating profit	-2.1	-0.5	+1.6
Amotization cost of acquired intangibles	—	—	—
Adjustment items (income)	—	—	—
Adjustment items (costs)	—	—	—
Adjusted Operating profit *	-2.1	-0.5	+1.6
Processed food Operating profit	0.7	-1.2	-1.9
Amotization cost of acquired intangibles	—	—	—
Adjustment items (income)	-0.2	-0.0	+0.2
Adjustment items (costs)	0.1	2.6	+2.5
Adjusted Operating profit *	0.6	1.4	+0.8
Others/Elimination Operating profit	45.7	19.9	-25.9
Amotization cost of acquired intangibles	—	—	—
Adjustment items (income)	-60.8	-41.7	+19.0
Adjustment items (costs)	-2.6	2.6	+5.2
Adjusted Operating profit *	-17.6	-19.3	-1.6
Financial income	8.4	14.8	+6.4
Financial costs	20.6	13.0	-7.6
Profit before income taxes	630.5	573.6	-56.9
Income taxes	178.9	177.9	-1.0
Profit	451.6	395.7	-55.9
Owners of the parent company	443.0	389.1	-54.0
Non-controlling interests	8.5	6.6	-1.9

* :Adjusted Operating profit
= Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

Results for FY2014
[Reported basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was other than December 31.

1. Summary of Business Performance

(unit: JPY billion)

	FY2013	FY2014
Revenue	2,399.8	2,154.0
Operating profit	648.3	499.8
Profit before income taxes	636.2	502.3
Profit	435.3	368.6
Profit(attributable to owners of parent company)	428.0	362.9
Basic EPS(yen)	235.48	199.67
Diluted EPS(yen)	235.35	199.56
Adjusted Operating Profit*1	641.8	588.6
Adjusted profit*2	407.4	408.7
Adjusted EPS(yen)*3	224.02	224.75
DPS(yen)	96.00	100.00
Payout ratio*4	40.8%	50.1%
ROE(attributable to owners of parent company)*5	19.9%	14.4%

*1 :Adjusted Operating profit
= Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2 :Adjusted Profit
=Profit for the year (profit attributable to owners of the parent company) ± adjustment items (income and costs)* ± (tax and minority interests adjustments)
* Adjustment items (income and costs): impairment losses on goodwill± restructuring income and costs ± others

3 :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

*4 :Payout ratio＝Dividend per share/Basic EPS

*5 :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	2,154.0
Japanese domestic tobacco	710.3	505.6
Core revenue*1	676.2	478.7
International tobacco*2	1,270.0	1,328.0
Core revenue*3	1,200.7	1,258.2
Pharmaceutical	64.4	47.6
Beverage	184.5	139.5
Processed food	156.9	122.9
Others	13.6	10.4

(Reference) (unit: USD million,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
International tobacco Core revenue*3	12,273	11,911	-363	- 3.0%
International tobacco Core revenue at constant rates of exchange*3*4	12,273	12,700	+427	+3.5%

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

*2 :International tobacco business: 12M ended Dec. 2013 and 12M ended Dec. 2014

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

*4 :2013 Jan-Dec -Actual
2014 Jan-Dec -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD as 2013Jan-Dec

Results for FY2014
[Reported basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was other than December 31.

3.Adjusted Operating profit by business segment*1

(unit: JPY billion)

	FY2013	FY2014
Consolidated Operating profit	648.3	499.8
Adjustment*3	-6.5	88.8
Adjusted Operating profit*1	641.8	588.6
Japanese domestic tobacco Operating profit	258.1	115.6
Adjustment*3	-0.4	56.6
Adjusted Operating profit*1	257.7	172.2
International tobacco Operating profit*2	376.4	379.5
Adjustment*2*3	34.4	67.6
Adjusted Operating profit*1*2	410.8	447.1
Pharmaceutical Operating profit	-9.0	-6.9
Adjustment*3	–	–
Adjusted Operating profit*1	-9.0	-6.9
Beverage Operating profit	-2.1	0.2
Adjustment*3	–	–
Adjusted Operating profit*1	-2.1	0.2
Processed food Operating profit	-0.2	-1.0
Adjustment*3	0.8	2.2
Adjusted Operating profit*1	0.6	1.3
Others/Elimination Operating profit	25.0	12.4
Adjustment*3	-41.3	-37.6
Adjusted Operating profit*1	-16.2	-25.2

(Reference) (unit: USD million,%)

	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change
International tobacco Adjusted Operating profit*1	4,206	4,253	+47	+1.1%
International tobacco Adjusted Operating profit at constant rates of exchange*1*4	4,206	4,757	+551	+13.1%

(Reference)Depreciation and amotization (unit: JPY billion)

	FY2013	FY2014
Depreciation and amotization	132.9	122.2
Japanese domestic tobacco	44.4	33.5
International tobacco*2	63.7	69.9
Pharmaceutical	3.6	3.3
Beverage	10.8	8.2
Processed food	6.9	5.1
Others/Elimination	3.5	2.2

*1 :Adjusted Operating profit
= Operating profit + Amortization cost 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: 12M ended Dec. 2013 and 12M ended Dec. 2014

3 :Adjustment = Amortization cost of acquired intangibles + Adjusted items (income and costs)
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*4 :2013 Jan-Dec -Actual
2014 Jan-Dec -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD as 2013Jan-Dec

Results for FY2014
[Reported basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was other than December 31.

4.Consolidated financial position data

(unit: JPY billion)

	As of end of Mar.2014	As of end of Dec.2014	Change
Total Assets	4,616.8	4,704.7	+87.9
Total Equity	2,596.1	2,622.5	+26.4
Equity attributable to owners of the parent company	2,505.6	2,536.8	+31.2
BPS(attributable to owners of parent company) (yen)	1,378.57	1,395.74	17.17

5.Liquidity*

(unit: JPY billion)

	As of end of Mar.2014	As of end of Dec.2014	Change
Liquidity	259.3	389.5	130.2

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

6.Interest-bearing debt*

(unit: JPY billion)

	As of end of Mar.2014	As of end of Dec.2014	Change
Interest-bearing debt	375.9	228.2	-147.7

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

7.Consolidated cash flow data

(unit: JPY billion)

	FY2013	FY2014
Cash flows from operating activities	396.5	543.7
Cash flows from investing activities	-163.5	-49.1
Cash flows from financing activities	-145.2	-388.9
Cash and cash equivalents, beginning of the year	142.7	253.2
Foreign currency translation adjustments on cash and cash equivalents	22.7	26.9
Cash and cash equivalents, end of the year*1	253.2	385.8
FCF*2	212.6	480.7

＊1 Included in "Cash and cash equivalents" at the end of this year is ¥49.9billion (IRR 14,565.9 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)

	FY2013	FY2014
Capital expenditures	156.2	120.8
Japanese domestic tobacco	49.1	27.9
International tobacco*	78.5	74.2
Pharmaceutical	3.9	2.9
Beverage	14.6	8.3
Processed food	4.9	3.6
Others/Elimination	5.1	3.8

* : International tobacco business: 12M ended Dec. 2013 and 12M ended Dec. 2014

Results for FY2014
[Reported basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was other than December 31.

9.Business data

【Japanese domestic tobacco business】	FY2013	FY2014	Change	Rates of Change	
JT sales volume*	120.1	82.0	-38.1	- 31.7%	BNU
Industry volume	196.9	136.8	-60.2	- 30.6%	BNU
JT market share	61.0%	59.9%	-1.0%pt		
JT revenue per 1,000 cigarettes	5,485	5,666	+181	+3.3%	JPY

* :Sales volume of domestic duty-free and China business is excluded, which was 3.4 billion for FY2013 and 2.5 billion for FY2014, respectively.

【International tobacco business】	2013 Jan-Dec	2014 Jan-Dec	Change	Rates of Change	
Total shipment volume*	417.5	398.0	-19.5	- 4.7%	BNU
GFB shipment volume	267.5	262.2	-5.3	- 2.0%	BNU
JPY/USD rate for consolidation	97.73	105.79	+8.06	+8.2%	JPY
RUB/USD rate for consolidation	31.84	38.40	+6.55	- 17.1%	RUB
GBP/USD rate for consolidation	0.64	0.61	-0.03	+5.3%	GBP
EUR/USD rate for consolidation	0.75	0.75	+0.00	-0.0%	EUR
CHF/USD rate for consolidation	0.93	0.91	-0.01	+1.3%	CHF
TWD/USD rate for consolidation	29.68	30.31	+0.62	-2.1%	TWD

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

10.Number of employees*

	As of end of Mar.2014	As of end of Dec.2014	Change
Number of employees (consolidated basis)	51,563	51,341	-222
Japanese domestic tobacco	11,022	11,648	626
International tobacco	26,731	25,829	-902
Pharmaceutical	1,787	1,840	53
Beverage	5,035	5,122	87
Processed food	6,096	5,968	-128
Other/Corporate	892	934	42
Number of employees (parent company)	8,774	8,915	141

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

Results for FY2014
[Reported basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was other than December 31.

11.Account titles of P/L (unit: JPY billion)

	FY2013	FY2014
Revenue	2,399.8	2,154.0
Cost of sales	980.0	886.3
Gross profit	1,419.9	1,267.7
Other Operating income	55.6	47.7
Gain on sale of tangible fixed assets, intangible assets and investment properties	45.0	40.9
Others	10.7	6.7
Share of profit in investments accounted for using the equity method	1.7	7.8
SG&A	828.9	823.4
Advertising expenses	21.7	21.3
Promotion expenses	147.8	130.0
Freight and storage cost	27.1	21.1
Commissions	49.3	46.1
Employee benefits expenses	275.8	321.4
R&D expenses	57.1	44.0
Depreciation and amortization	68.8	63.1
Impairment losses	2.4	21.9
Loss on sale of tangible fixed assets and investment properties	9.5	14.1
Impairment losses of investments in associates	9.7	–
Others	159.7	140.5
Operating profit	648.3	499.8
Amotization cost of acquired intangibles	26.0	29.5
Adjustment items (income)	-47.0	-44.3
Adjustment items (costs)	14.6	103.6
Adjusted Operating profit *1	641.8	588.6
Japanese domestic tobacco Operating profit	258.1	115.6
Amotization cost of acquired intangibles	–	–
Adjustment items (income)	-1.1	-0.1
Adjustment items (costs)	0.7	56.7
Adjusted Operating profit *1	257.7	172.2
International tobacco Operating profit *2	376.4	379.5
Amotization cost of acquired intangibles *2	26.0	29.5
Adjustment items (income) *2	-3.0	-4.2
Adjustment items (costs) *2	11.5	42.4
Adjusted Operating profit *1*2	410.8	447.1
Pharmaceutical Operating profit	-9.0	-6.9
Amotization cost of acquired intangibles	–	–
Adjustment items (income)	–	–
Adjustment items (costs)	–	–
Adjusted Operating profit *1	-9.0	-6.9
Beverage Operating profit	-2.1	0.2
Amotization cost of acquired intangibles	–	–
Adjustment items (income)	–	–
Adjustment items (costs)	–	–
Adjusted Operating profit *1	-2.1	0.2
Processed food Operating profit	-0.2	-1.0
Amotization cost of acquired intangibles	–	–
Adjustment items (income)	-0.2	-0.0
Adjustment items (costs)	1.0	2.2
Adjusted Operating profit *1	0.6	1.3
Others/Elimination Operating profit	25.0	12.4
Amotization cost of acquired intangibles	–	–
Adjustment items (income)	-42.6	-40.0
Adjustment items (costs)	1.4	2.4
Adjusted Operating profit *1	-16.2	-25.2
Financial income	8.4	13.8
Dividend income	1.5	0.7
Interest income	6.4	12.9
Foreign exchange gain	–	–
Other	0.4	0.3
Financial costs	20.4	11.3
Interest expenses	8.6	4.7
Pension/post retirement benefit	5.8	5.4
Foreign exchange loss	4.7	0.4
Other	1.2	0.8
Profit before income taxes	636.2	502.3
Income taxes	200.9	133.7
Profit	435.3	368.6
Owners of the parent company	428.0	362.9
Non-controlling interests	7.3	5.7

*1 :Adjusted Operating profit
= Operating profit + Amortization cost 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: 12M ended Dec. 2013 and 12M ended Dec. 2014

Results for FY2014
[Reported basis]

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was other than December 31.

12.Account titles of B/S (unit: JPY billion)

	As of end of Mar.2014	As of end of Dec.2014
Current assets	1,489.7	1,696.9
Cash and cash equivalents	253.2	385.8
Trade and other receivables	440.2	448.4
Inventories	551.0	587.8
Other financial assets※1	17.3	43.9
Other current assets	226.0	230.5
Non-current assets held for sale	2.0	0.4
Non-current assets	3,127.1	3,007.8
PP&E	780.0	756.1
Goodwill※2	1,584.4	1,539.4
Intangible assets	385.1	364.9
Trademark※3	321.2	302.0
Software	34.4	35.9
Other	29.5	27.1
Investment property	61.4	17.9
Retirement benefit assets	16.5	35.4
Investments accounted for using the equity method	106.1	76.8
Other financial assets※3	92.6	92.0
Deferred tax assets	100.9	125.4
Total assets	4,616.8	4,704.7

※1	Other financial assets(current & non-current)	109.9	135.9
	Derivative assets	8.6	31.8
	Equities	53.7	59.4
	Bonds	7.2	8.8
	Time deposits	1.5	1.0
	Other	47.2	43.5
	Allowance for doubtful accounts	-8.3	-8.7

※2	Goodwill International tobacco cash-generating unit	1,541.9	1,496.8
	Goodwill processed food cash-generating unit	25.4	25.4

※3	Trademark International tobacco business	318.7	299.5

	As of end of Mar.2014	As of end of Dec.2014
Current liabilities	1,255.8	1,360.1
Trade and other payables	360.0	419.8
Bonds and borrowings※4	195.6	107.6
Income taxes payable	77.2	54.9
Other financial libilities※4	9.5	14.5
Provisions	7.4	9.2
Other current liabilities※5	606.2	754.2
Liabilities directly associated with non-current assets held-for-sale	0.1	–
Non current liabilities	764.8	722.1
Bonds and borrowings※4	166.2	101.0
Other financial liabilities※4	17.7	18.6
Retirement benefit liabilities	340.5	351.9
Provisions	5.2	25.4
Other non-current liabilities※5	126.5	121.8
Deferred tax liabilities	108.7	103.4
Liabilities	2,020.7	2,082.2
Equity	2,596.1	2,622.5
Share capital	100.0	100.0
Capital surplus	736.4	736.4
Treasury shares	-344.5	-344.4
Other components of equity	251.1	142.4
Retained earnings	1,762.6	1,902.5
Non-controlling interests	90.5	85.7
Total liabilities and equity	4,616.8	4,704.7

-FY2014, a transitional period for the change in accounting period, covers nine months from April 1, 2014 to December 31, 2014 for the Japanese domestic businesses. The same change in the accounting period is applied to those of the Company's consolidated subsidiaries whose closing date was other than December 31.

※4	Bonds and borrowings(including other financial liabilities)(current & non-current)	388.9	241.6
	Derivative liabilities	4.9	10.0
	Short-term borrowings	21.9	27.6
	Commercial paper	—	—
	Current portion of long-term borrowings	1.2	39.9
	Current portion of bonds	172.4	40.0
	Long-term borrowings	35.0	1.0
	Bonds	131.1	100.0
	Other	22.4	23.1

※5	Other liabilities(current & non-current)	732.7	876.0
	Tobacco excise taxes payable	291.4	325.2
	Tobacco special excise taxes payable	10.0	14.8
	Tobacco local excise taxes payable	121.5	186.2
	Consumption taxes payable	91.7	138.8
	Provision for bonuses	52.6	46.0
	Compensated absences	21.5	21.2
	Other	144.0	143.9

FY 2015 Forecasts
(as of February 5, 2015)

1. Summary of Business Performance

(unit: JPY billion,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
Revenue	2,433.5	2,380.0	-53.5	- 2.2%
Operating profit	571.8	539.0	-32.8	- 5.7%
Profit（attributable to owners of the parent)	389.1	387.0	-2.1	- 0.5%
Basic EPS(yen)＊1	214.06	212.92	-1.14	- 0.5%
Adjusted Operating profit＊2	660.1	585.0	-75.1	- 11.4%
DPS(yen)	-	108.00	-	-
Payout ratio*3	-	50.7%	-	-
ROE(attributable to owners of parent company)*4	-	15.0%	-	-

（参考）

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange*5	660.1	705.0	+44.9	+6.8%

＊1 :Based on profit attributable to owners of the parent

＊2 :Adjusted Operating profit
= Operating profit + Amortization cost 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

＊5 :2014 Jan-Dec -Actual
FY2015 Forecasts- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as 2014 Jan-Dec

2.Breakdown of Revenue

(unit: JPY billion,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
Revenue	2,433.5	2,380.0	-53.5	- 2.2%
Japanese domestic tobacco	685.9	669.0	-16.9	- 2.5%
Core revenue＊1	649.8	635.0	-14.8	- 2.3%
International tobacco	1,328.0	1,277.0	-51.0	- 3.8%
Core revenue＊2	1,258.2	1,219.0	-39.2	- 3.1%
Pharmaceutical	65.8	74.0	+8.2	+12.5%
Beverage	181.3	184.0	+2.7	+1.5%
Processed food	161.2	168.0	+6.8	+4.2%
Others	11.3	8.0	-3.3	- 29.1%

（Reference）

(unit: USD million,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
International tobacco Core revenue＊2	11,911	10,600	-1,311	- 11.0%
International tobacco Core revenue at constant rates of exchange＊2＊3	11,911	12,500	+589	+4.9%

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

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

＊3 :2014 Jan-Dec -Actual
FY 2015 Forecasts -at the same foreign exchange rates between local currency vs USD at 2014 Jan-Dec

FY 2015 Forecasts
(as of February 5, 2015)

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

(unit: JPY billion,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
Consolidated Operating profit	571.8	539.0	-32.8	- 5.7%
Japanese domestic tobacco	181.5	247.0	+65.5	+36.1%
International tobacco	379.5	325.0	-54.5	- 14.4%
Pharmaceutical	-7.3	-4.5	+2.8	－
Beverage	-0.5	0.0	+0.5	－
Processed food	-1.2	1.5	+2.7	－
Others/Elimination	19.9	-30.0	-49.9	－
Adjusted Operating profit*1	660.1	585.0	-75.1	- 11.4%
Japanese domestic tobacco*1	238.7	250.0	+11.3	+4.7%
International tobacco*1	447.1	362.0	-85.1	- 19.0%
Pharmaceutical*1	-7.3	-4.5	+2.8	－
Beverage*1	-0.5	0.0	+0.5	－
Processed food*1	1.4	1.5	+0.1	+5.7%
Others/Elimination*1	-19.3	-25.0	-5.7	－

(Reference) (unit: USD million,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
International tobacco Adjusted Operating profit*1	4,253	3,150	-1,103	- 25.9%
International tobacco Adjusted Operating profit at constant rates of exchange*1*2	4,253	4,595	+342	+8.0%

*1 :Adjusted Operating profit
= Operating profit + Amortization cost of acquired intangibles + Adjusted items (income and costs)*
*Adjusted items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2 :2014 Jan-Dec -Actual
FY 2015 Forecasts -at the same foreign exchange rates between local currency vs USD at 2014 Jan-Dec

4.Consolidated cash flows data

(unit: JPY billion,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
FCF*	455.4	282.0	-173.4	-38.1%

* :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,%)

	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change
Capital expenditures	140.9	161.0	+20.1	+14.3%
Japanese domestic tobacco	41.0	41.0	+0.0	+0.1%
International tobacco*	74.2	85.0	+10.8	+14.5%
Pharmaceutical	4.7	6.5	+1.8	+38.1%
Beverage	10.7	13.0	+2.3	+22.1%
Processed food	4.7	7.0	+2.3	+47.5%
Others/Elimination	5.5	7.0	+1.5	+26.3%

6.Business data

【Japanese domestic tobacco business】	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change	
JT sales volume*	112.4	109.0	-3.4	- 3.0%	BNU

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

【International tobacco business】	2014 Jan-Dec	FY2015 Forecasts	Change	Rates of Change	
Total shipment volume*	398.0	392.0	-6.0	- 1.5%	BNU
GFB shipment volume	262.2	265.0	+2.8	+1.1%	BNU
JPY/USD rate for consolidation	105.79	115.00	+9.21	+8.7%	JPY
RUB/USD rate for consolidation	38.40	65.00	+26.60	-40.9%	RUB
GBP/USD rate for consolidation	0.61	0.64	+0.03	-5.1%	GBP
EUR/USD rate for consolidation	0.75	0.90	+0.15	-16.3%	EUR
CHF/USD rate for consolidation	0.91	0.90	-0.01	1.7%	CHF
TWD/USD rate for consolidation	30.31	31.15	+0.84	-2.7%	TWD
TRY/USD rate for consolidation	2.19	2.25	+0.06	-2.8%	TRY

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

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 03/2013	29.4	30.2	29.8	26.8	116.2
FY 03/2014	29.2	30.3	30.0	30.3	120.0
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	26.8	29.2	30.3	30.0	116.5
2014	30.3	24.7	28.8	28.4	112.4

2. Quarterly Retail Price Sales

(billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	596.7	612.9	605.2	544.2	2,358.9
FY 03/2014	593.3	614.0	608.5	615.6	2,431.5
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	544.2	593.3	614.1	608.5	2360.1
2014	615.6	520.4	607.0	598.4	2341.3

* 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 03/2013	5,508	5,505	5,499	5,498	5,503
FY 03/2014	5,491	5,485	5,481	5,483	5,485
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	5,498	5,491	5,485	5,481	5,488
2014	5,483	5,652	5,675	5,670	5,617

* 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 03/2013	59.4	59.7	59.6	59.5	59.6
FY 03/2014	60.5	60.7	61.1	61.5	61.0
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	59.5	60.5	60.7	61.1	60.5
2014	61.5	59.6	60.1	60.0	60.4

Market Share in Growing Segments

1. 1mg Tar

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	14.4	14.2	14.3	14.4	14.3
FY 03/2014	14.7	14.7	14.7	14.8	14.7
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	14.4	14.7	14.7	14.7	14.6
2014	14.8	14.5	14.4	14.3	14.5

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
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
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	24.5	24.5	24.5	24.4	24.5
2014	24.6	25.0	24.7	24.8	24.8

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
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
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	7.7	8.3	8.8	9.0	8.5
2014	9.0	9.6	9.4	9.5	9.4

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
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
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	26.2	26.3	26.3	26.4	26.3
2014	26.1	27.3	26.7	27.1	26.8

3. JPY 450 or above*

(1) JT JPY 450 or above Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
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
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	14.5	14.5	14.4	14.7	14.5
2014	14.7	14.3	14.7	14.5	14.6

(2) JPY 450 or above Product Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
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
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2013	36.6	36.1	35.9	36.0	36.1
2014	35.9	35.5	35.8	35.6	35.7

Japan Tobacco Inc. Clinical Development as of February 5, 2015

＜In-house development＞

Code （Generic Name）	Potential Indication/Dosage form	Mechanism		Phase	Note
JTK303(elvitegravir)/ cobicistat/emtricitabine/ tenofovir alafenamide	HIV infection /Oral	HIV integrase inhibitor/ Nucleoside reverse transcriptase inhibitor	Suppresses blood HIV levels by inhibiting the activities of integrase and reverse transcriptase, enzymes involved in the replication of HIV.	Preparing to file (Japan)	New Single Tablet Regimen JTK-303(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.	NDA filed (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
JTT-252	Type 2 diabetes mellitus /Oral	SGLT1 inhibitor	Decreases blood glucose by inhibition of sodium glucose co-transporter 1 (SGLT1) in small intestine.	Phase1(Overseas)	In-house
JTK-351	HIV infection /Oral	HIV integrase inhibitor	Suppresses blood HIV levels by inhibiting the activity of integrase, an enzyme involved in the replication of HIV.	Phase1(Japan)	In-house

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

*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	Suppresses blood HIV levels by inhibiting the activity of integrase, an enzyme involved in the replication of HIV.	New Single Tablet Regimen (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide) U.S. and EU marketing approvals submitted
trametinib	GlaxoSmithKline	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK Kinase (MEK1/2).	Metastatic melanoma, trametinib+dabrafenib Phase3
Anti-ICOS monoclonal antibody	MedImmune	ICOS antagonist	Suppresses overactive immune response via inhibition of ICOS which regulates activation of T cells.	
JTE-052	LEO Pharma	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	

Updates since the previous announcement on October 30, 2014:

<In-house development>
- JTK303(elvitegravir)/cobicistat/emtricitabine/tenofovir alafenamide (E/C/F/TAF): advanced from Phase3 to "preparing to file" in Japan.
- JTE-350: filed NDA for marketing approval in Japan. (December 22, 2014)

<Licensed compounds>
- JTK303(elvitegravir)/cobicistat/emtricitabine/tenofovir alafenamide (E/C/F/TAF):
  Gilead Sciences submitted marketing approvals to the U.S. Food and Drug Administration and the European Medicines Agency.
- JTE-052:
  Licensed exclusive rights to LEO Pharma A/S for further development and marketing JTE-052 for topical use in dermatological indication worldwide excluding Japan. (November 4, 2014)