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JT's Consolidated Financial Results for the 12 months ended March 31, 2012

- **"JT-11"** medium-term management plan targets have been exceeded. In the three years ended March 31, 2012 on a consolidated basis, the company achieved EBITDA CAGR of 8.3% (target: 5.0%)[1] at constant rates of exchange and a dividend payout ratio target of 30% as recommended by the Board.
  - **Japanese Domestic Tobacco Business:** achieved EBITDA growth of 6.3% CAGR, well above the target of stable profit.
  - **International Tobacco Business:** achieved EBITDA growth of 10.3% CAGR at constant rates of exchange, despite increased uncertainties in the business environment.
  - **Pharmaceutical Business:** enhanced the pipeline of compounds in late stages of development, including NDA of a single tablet regimen containing JTK-303 (HIV infection) and advancement to Phase 3 of JTT-705 (dyslipidemia) and MEK inhibitors (melanoma).
  - **Food Business:** 'Roots' flagship coffee brand delivered strong and steady results. Processed foods progressively strengthened the business fundamentals to improve profitability.

- In the **12 months ended March 31, 2012**, robust growth was achieved due to the effect of improved margins in the Japanese domestic tobacco and the international tobacco businesses. Adjusted EBITDA[2] showed strong growth of 10.6% compared to the prior fiscal year, while revenue declined by 1.2%. An increase of 31.9% was achieved in profit attributable to the owners of the parent[3] as a result of reduced income tax payment.

- The Company's Board is recommending a **total dividend** of ¥10,000 per share, an increase of ¥1,000 from the forecast of February 6, 2012, thereby increasing it to the level of achieving the JT-11 consolidated dividend payout ratio target of 30%, in the fiscal year ended March 31, 2012.

- **"Business plan 2012"**, our new plan, targets sustainable medium to long-term profit growth:
  - **Adjusted EBITDA growth rate**: Mid to high single digit growth per annum over the medium to long-term at constant rates of exchange
  - **Dividend pay-out ratio**: 40% by the fiscal year ending March 31, 2014, subsequently aiming to reach 50% in medium-term
  - **Adjusted EPS[4] growth rate**: High single digit growth per annum in the medium to long-term at constant rates of exchange

- For the **12 months ending March 31, 2013**, the Company forecasts an increase in adjusted EBITDA, at constant rates of exchange, of 5.2%. Profit attributable to owners of the parent is forecast to remain broadly flat, at -0.9%, due to the absence of a non-recurring lower income tax payment made in the previous fiscal year.

Hiroshi Kimura, President and Chief Executive Officer of JT, commented:

"In spite of the significantly challenging environment we have faced recently, including the economic crisis, excise hikes and the earthquake, we have achieved the "JT-11" mid-term management plan targets that we set out three years ago, including EBITDA and dividend payout ratio increases.

In order to meet the goals that will take our business to the next stage, we are prioritising business investments for sustainable future growth. In addition, we are improving the attractiveness of our shareholder return. We have an underlying strategic emphasis on achieving quality top line growth, and strengthening cost competitiveness and the business foundations that support these efforts. At the same time, we continue to make progress in enhancing our corporate governance as a global company, which includes evolving our disclosures and the planned appointment of independent and external Board members at the next AGM.

Looking ahead, we are confident that we can achieve sustainable growth of adjusted EBITDA, adjusted EPS and the dividend pay-out ratio over the medium to long-term, in the increasingly uncertain business environment. The Board and Management team aim to achieve this growth by further fulfilling our responsibilities to each of our stakeholders, at which our consumers are the centre, including shareholders, employees and society, in accordance with our management principles."

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Adoption of IFRS in lieu of Japanese-GAAP

For the purpose of improving international comparability of financial information and in order to help diversify the group's sources of financing via international markets, we have adopted International Financial Reporting Standards (IFRS) with respect to the consolidated financial statements and documents. For reference, consolidated financial results for the fiscal year ended March 31, 2012 in Japanese GAAP are attached at the end of this document.

In order to offer an improved understanding of JT Group's sustainable growth, the following Non-GAAP indicators have been provided in addition to items reported in consolidated financial statement.

- **Adjusted EBITDA[2]**

"Adjusted EBITDA" is defined as operating profit under IFRS, excluding depreciation, amortization, impairment of goodwill, and restructuring income/expenses.

- **Adjusted Earnings Per Share (EPS)[4]**

"Adjusted Earnings Per Share" is defined as the fully diluted per share value of profit attributable to owners of the parent, excluding the impairment of goodwill, restructuring-related income and expenses, tax/minority interest adjustments. Our targeted EPS growth rate excludes the impact of treasury stock.

Consolidated Financial Results (prepared according to IFRS)

Adjusted EBITDA and profit attributable to the owners of the parent increased significantly, driven by improved margins in the Japanese domestic tobacco and the international tobacco businesses. Revenue for the year was slightly lower, primarily due to the sales volume decline in the Japanese domestic tobacco business.

Units: Billions of Yen except for earnings per share

	FY03/2011 (A)	FY03/2012 (B)	Difference (B)-(A)	Net Change (%)
Revenue	2,059.4	2,033.8	-25.5	-1.2
Adjusted EBITDA	522.0	577.1	55.1	10.6
Operating profit	401.3	459.2	57.9	14.4
Profit attributable to owners of the parent	243.3	320.9	77.6	31.9
Diluted earnings per share (Yen)	25,407.09	33,687.78	8280.69	32.6
Adjusted earnings per share (Yen)	25,903.94	30,530.39	4,626.45	17.9

- **Revenue**
  Revenue declined by 1.2%, impacted by the sales volume decline in the Japanese domestic tobacco business, which resulted from the October 2010 tax and price increase, as well as the effects of the March 2011 earthquake. The strong appreciation of the Japanese Yen also negatively affected top line revenues within the international tobacco business.

- **Adjusted EBITDA**
  Adjusted EBITDA grew by 10.6%, driven by improved margins in the Japanese domestic tobacco and the international tobacco businesses and the absence of a payment made in the prior fiscal year in Canada. Adjusted EBITDA excludes the impact of a compensation payment for leaf tobacco growers voluntarily ceasing cultivation in the domestic tobacco business, as well as restructuring costs in the international tobacco business.

- **Profit Attributable to Owners of the Parent**
  Profit attributable to the owners of the parent increased by 31.9%, which was largely driven by a reduced income tax payment. This tax reduction resulted from the inclusion of deductible expenses related to previous fiscal year's loss on the valuation of subsidiary and affiliate stocks.

- **Dividends**
  The Company's Board is recommending a total dividend of ¥10,000 per share, an increase of ¥1,000 from the forecast of February 6, 2012, compared with ¥6,800 in the previous fiscal year.

Results by Business Segment (prepared according to IFRS)

➢ Japanese Domestic Tobacco Business

Units: Billions of Yen, Billions of Cigarettes

	FY03/2011	FY03/2012	Net change (%)
Total sales volume[5]	134.6	108.4	-19.5
Core revenue[6]	632.2	611.9	-3.2
Adjusted EBITDA	247.2	262.3	6.1
Operating profit	202.3	209.3	3.4

The Japanese domestic tobacco business has been steadily recovering from the effects of the March 2011 earthquake and has attained its stated goal of 60% market share. This market share level was reached in March 2012 and resulted from a number of product, packaging and sales initiatives. These included the launches of our premium product "The Peace" and also the "Mild Seven Impact Menthol Box", featuring menthol thread filters.

Total sales volume was in line with previously indicated guidance, at 108.4 billion units, which was a decline of 19.5% compared with the previous year. This reduction in volumes was affected by the October 2010 tax and price hike, as well as the impact of the earthquake.

Adjusted EBITDA grew by 6.1%, despite the reduction in sales volumes and core revenue, due to an improvement in margin compared with the previous year. Adjusted EBITDA excludes the compensation payment for leaf tobacco growers voluntarily ceasing cultivation.

➢ International Tobacco Business (Financial results for January 1 – December 31, 2011)

Units: Billions of Yen, Billions of Cigarettes

	Jan-Dec 2010	Jan-Dec 2011	Net change (%)
Total shipment volume[7]	428.4	425.7	-0.6
GFB[8] shipment volume	249.8	256.5	2.6
Core revenue[9]	887.8	894.6	0.8
Adjusted EBITDA	277.9	314.8	13.3
Operating profit	225.9	252.4	11.7

The international tobacco business reported yet another year of robust growth. As previously announced[10], core net sales[9] and EBITDA[11], in US dollars, increased by 10.9% and 17.4%, respectively. This was driven by robust pricing and increased shipment volumes of our Global Flagship Brands (GFBs). At constant rates of exchange, core net sales and EBITDA grew 8.0% and 15.7%, respectively.

GFB shipment volume grew by 2.6% to 256.5 billion cigarettes, driven by Russia and the Middle East. Total shipment volume declined 0.6% to 425.7 billion cigarettes. Growth momentum in the Middle East, Romania and Italy partly offset industry contraction in Ukraine, Spain and Russia. Market share[12] increased in most key markets.

Adjusted EBITDA under IFRS in both US dollars and Japanese Yen has increased. This includes the impact of a non-recurring payment in Canada in 2010. Adjusted EBITDA excludes business restructuring costs in Austria.

➢ Pharmaceutical Business

Units: Billions of Yen

	FY03/2011	FY03/2012	Difference (B) – (A)
Revenue	44.1	47.4	3.3
Adjusted EBITDA	-9.8	-10.0	-0.3
Operating profit	-13.3	-13.5	-0.2

Currently, JT has eight compounds in clinical trials. JT's partner, Gilead Sciences Inc., announced the filing of a New Drug Application (NDA) with the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA) for an anti-HIV single-tablet regimen, containing a novel HIV integrase inhibitor. This compound, JTK-303(elvitegravir), was licensed to Gilead, giving Gilead the exclusive rights to develop and commercialise the drug worldwide, outside of Japan.

Revenue increased to ¥47.4 billion, primarily driven by Torii Pharmaceutical's performance, including sales of REMITCH® CAPSULES, an anti-pruritus drug for hemodialysis patients, and an anti-HIV drug, Truvada® Tablets. Adjusted EBITDA was -¥10.0 billion.

➢ Food Business

Units: Billions of Yen

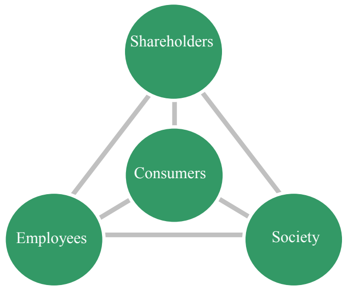
	FY03/2011 (A)	FY03/2012 (B)	Difference (B) – (A)
Revenue	367.5	359.4	-8.0
Adjusted EBITDA	17.7	20.0	2.3
Operating profit	-3.6	2.0	5.7

Overall revenue decreased by ¥8.0 billion to ¥359.4 billion due to the closure of some of the businesses in the previous fiscal year, partly offset by the solid sales of our flagship coffee brand "Roots" and the growth in staple food product[13] sales.

Adjusted EBITDA increased by ¥2.3 billion to ¥20.0 billion as a result of increased sales of Roots coffee and due to improved profitability in the processed foods business, driven by the growth of higher-margin staple food products and a reduction in fixed costs.

Business plan 2012

The Company aims to achieve further growth through the delivery of sustainable profit growth in the medium to long-term, in line with the "4S" model, our management principles. We believe this model allows us to best serve and meet the needs of each of the company's stakeholders, including our consumers, shareholders, employees and society at large. We also believe that by focusing on satisfying and fulfilling our responsibilities to the four key stakeholder groups and placing our consumers at the centre, we will increase shareholder value over the medium to long-term. Maintaining medium to long-term perspective, the Company prioritises business investments for sustainable future profit growth, in line with these management principles, and seeks to improve the attractiveness of our shareholder returns at the same time.



Furthermore, annual rolling plans for the three year term have now been introduced, in recognition of the importance of adapting to a changing environment. The plans consist of a numerical one-year forecast and medium to long-term directional guidance on rates of growth at constant rates of exchange for adjusted EBITDA and adjusted EPS, as well as the consolidated dividend payout ratio.

Our new target growth rates exceed those of JT-11, the prior medium-term management plan, targeting **adjusted EBITDA** growth of mid to high single digit per annum over the medium to long-term at constant rates of exchange, **dividend payout ratio** of 40% in the fiscal year ending March 31, 2014, subsequently aiming to reach 50% over the medium-term, and high single digit **adjusted EPS** growth per annum over the medium to long-term at constant rates of exchange.

In achieving these targets, the tobacco businesses continue to be positioned as the core and the profit growth engine of the JT Group, aiming for medium to high single digit adjusted EBITDA growth per annum over the medium to long-term, and commanding the priority for investments to enhance their competitiveness. The Company concurrently strives to establish profitability in the pharmaceutical business through rapid and efficient market launch of compounds, and improve the food business' profit generation capability. For these two businesses, investments will focus on fundamentals for future profit contribution. Our strategic focus for each business is to achieve quality top line growth, strengthen cost competitiveness and the business foundations that support these efforts.

At the same time, the Company continues to enhance corporate governance as a global company, including evolving disclosures through the voluntary adoption of IFRS from the fiscal year ended March 31, 2012, harmonisation of the accounting period throughout the Group projected to start from January 1, 2015, and the planned resolution to appoint independent and external directors at the June 2012 General Meeting of Shareholders.

For further details on the Business plan 2012, please refer to a separate announcement the Company has issued today.

Consolidated Forecast for the Fiscal Year Ending March 31, 2013 (Prepared according to IFRS)

The Company forecasts an increase in revenue and adjusted EBITDA of 4.2% and 3.1% respectively. Growth in adjusted EBITDA, at constant rates of exchange, is expected to be 5.2%. This reflects an expected increase in Japanese domestic tobacco business sales volumes, as well as robust top-line growth in the international tobacco business. Profit attributable to the owners of the parent is forecast to remain broadly flat at -0.9%, which will reflect the absence of the non-recurring lower income tax payment made in the prior fiscal year.

Units: Billions of Yen

	FY03/2012 Actual (A)	FY03/2013 Forecast (B)	Change from FY03/2012 Actual (B)-(A)
Revenue	2,033.8	2,120.0	86.2 (4.2%)
Adjusted EBITDA	577.1	595.0	17.9 (3.1%)
Operating profit	459.2	483.0	23.8 (5.2%)
Profit attributable to owners of the parent	320.9	318.0	-2.9 (-0.9%)

Forecast at constant rates of exchange

Adjusted EBITDA	577.1	607.0	29.9 (5.2%)

- **Japanese Domestic Tobacco Business:** Total sales volume is forecast to increase by 6.1 billion to 114.5 billion, as our sales and marketing initiatives aim to further expand our market share. We also expect to see a recovery in total sales volume from the effects of the earthquake. Core revenue and adjusted EBITDA are forecast to grow by 6.1% and 2.2% respectively, driven primarily by the sales volume increase.

- **International Tobacco Business:** Another year of double-digit growth is forecast, with adjusted EBITDA growing 10% and core revenue growing 6.6%, at constant rates of exchange in US dollars. This growth is expected to be driven by an increase in GFB shipment volume and pricing. In Japanese yen, core revenue and adjusted EBITDA are forecast to increase by 4.0% and 6.1% respectively.[14]

- **Pharmaceutical Business:** Revenue is forecast to increase by ¥3.1 billion to ¥50.5 billion, driven by expected growth in products from Torii Pharmaceutical. Adjusted EBITDA is forecast to decline by ¥6.0 billion to -¥16.0 billion due to an expected increase in R&D expenditure as we make progress in product development.

- **Food Business:** Revenue is forecast to increase by ¥8.1 billion to ¥367.5 billion, due to the expected growth in our Roots coffee brand, as well as staple food products. Adjusted EBITDA is also expected to increase, driven by improved profitability through a focus on higher-margin staple food products. However, this is expected to be partly offset by an increase in costs related to sales initiatives in the beverages business.

Shareholder returns, Share buy-back and Treasury stock

➢ Our view on shareholder returns

The Company aims to achieve further progress through the delivery of sustainable profit growth in the medium to long-term. This will be achieved through business investments, which we believe is in the best interests of all shareholders. Through previous business investments, which have included the acquisitions of RJR International and Gallaher, we have achieved a combined annual EBITDA growth rate of 5.7% over the past 10 years.

Furthermore, the Company has been seeking to improve shareholder returns by progressively increasing our consolidated dividend payout ratio, to the most recent level of 30% in the fiscal year ended March 31 2012, as recommended by the Company's Board.

The Board believes that the delivery of a substantially high return would result in constrained business investment for future profit growth, loss of business competitiveness and shareholder value.

➢ Medium to long-term targets

The Company is setting a target for the dividend payout ratio, which, in addition to adjusted EBITDA at constant rates of exchange, remains our key performance indicator. Specifically, we are targeting a dividend payout ratio of 40% in the fiscal year ending March 31, 2014, with the aim of subsequently reaching 50% over the medium-term, benchmarking global FMCG companies in a variety of sectors.

Furthermore, additional focus is being given to the adjusted EPS growth rate, targeting high single-digit growth rate per annum in the medium to long-term, at constant rates of exchange.

➢ Forecast for the Fiscal Year ending March 31, 2013

A consolidated dividend payout ratio of 35.9% is targeted for the fiscal year ending March 31, 2013, an increase of 6.2 percentage points from the prior fiscal year. The per share dividend of ¥12,000 is forecast, whilst it will be revised to reflect the expected 200 for 1 stock split effective as of July 1, 2012. In addition, the dividend target will also be revised based on the share buy-back status.

➢ Share buy-back

Whilst our primary aim is to increase adjusted EPS mainly through underlying business growth, the Company will also consider a share buy-back as a complementary initiative.

In addition, for the purpose of mitigating any negative market impact, the Company could buy-back a portion of Government reduction in shareholding as a result of reduced shareholding obligation from more than half down to more than one third, or the potential in the longer term for additional offerings of its shares in JT in the event its shareholding obligation is further revised.

In response to the current Government share reduction, for which its holding obligation has been reduced from more than one half to more than a third, the Company intends to buy-back a certain amount of shares in the event of a sale. A substantially large share buy-back could directly impact our flexibility to make business investments which will drive medium to long-term sustainable profit growth. In addition, such a scenario could also potentially result in a loss of business competitiveness and shareholder value. Taking into account the current cash flow projections, anticipated business investments and credit rating considerations, the Company is considering possible buy-back of up to ¥250 billion, which is a portion of the anticipated shares to be sold by the Japanese Government.

➢ **Our view on cancellation of treasury stock**

Currently, the Company does not intend to cancel all the treasury shares, taking into account the potential use of treasury stock for business investments through future acquisitions. We view treasury stock as a funding source, similar to new share issuances in our evaluation of future business investments including acquisitions, taking into account our constraints on financing through new share issuances due to the Japan Tobacco Inc. Law.

Furthermore, any decision reached to utilize treasury stock for future business investments will only be made after giving careful consideration to whether it contributes to long-term sustainable profit growth and best serves the interest of all shareholders.

In addition, treasury stock cancellation has no impact on EPS calculations, according to TSE rules and IFRS. Our targeted EPS growth rate will exclude the impact of treasury stock.

Japan Tobacco Inc. is a leading international tobacco product company. Its products are sold in over 120 countries and its internationally recognized cigarette brands include Winston, Camel, Mild Seven and Benson & Hedges. With diversified operations, JT is also actively present in pharmaceuticals and foods. The company's revenue was ¥2.034 trillion (US$24,745 million) in the fiscal year ended March 31, 2012.*

**Translated at the rate of ¥82.19 per $1, as of March 30, 2012*

Footnotes:

[1] One of the JT Group's objectives under JT-11 was to achieve a compound average growth rate of 5.0% for consolidated EBITDA in Japanese-GAAP, based on the forecasted figure for the fiscal year ended March, 2010. In Japanese-GAAP, EBITDA is calculated as operating income + depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill.

[2] Adjusted EBITDA = Operating profit excluding Depreciation, Amortization, Impairment of goodwill and Restructuring-related income and expenses

[3] Profit attributable to owners of the parent in accordance with IFRS is equivalent to net income in Japanese-GAAP.

[4] Adjusted EPS = (Profit or loss attributable to owners of parent company + Impairment of goodwill ± Restructuring-related income and expenses ± Tax and Minority interests adjustments) / Diluted weighted average common shares (excluding shares held as treasury shares)

[5] Sales volume from both domestic duty free, and the China Division, is not incorporated in total sales volume for the Japanese domestic tobacco business.

[6] Core revenue in the Domestic Tobacco Business excludes revenue from distribution.

[7] Total shipment volume includes cigars, pipe tobacco and snus, but excludes contract manufactured products.

[8] Global Flagship Brands (GFB) for the international tobacco business consist of eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour.

[9] Core revenue in the international tobacco business excludes revenue from distribution, contract manufacturing and other peripheral businesses. ("Core revenue" is corresponding to "Core net sales" which used to be described in financial report under Japanese GAAP in the past)

[10] International tobacco business preliminary results for 2011 were announced on February 6, 2012. Please note that the results of the international tobacco business from January to December 2011 were incorporated into JT's consolidated financial results for the twelve-month period that ended March 31, 2012.

[11] EBITDA is calculated as operating income + depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill.

[12] Source: AC Nielsen, Logista, Altadis and JTI estimates on a 12-month rolling average, December 2011.

[13] Staple food products are: frozen noodles, packed cooked rice and frozen baked bread.

[14] The exchange rate assumptions for US $1.00 are; Ruble 30.00, UK Sterling 0.63, Euro 0.75, Swiss Franc 0.90, Taiwan Dollar 29.50 and ¥80.00. 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.

Reference: Reconciliation of income statement for the fiscal year ended March 31, 2012

Units: Billions of Yen; △ denotes minuses

	Japanese GAAP (*1)	Adjustment Items						Adjustment total	IFRS	
		Reclassification Items		Profit Impact Items			Others			
		Revenue	Non-operating income/expenses and extraordinary income/loss	Goodwill	Employee benefits	Property, plant and equipment & intangible assets				
Net sales	2,547.1	△513.0	-	-	-	△0.3	0.1	△513.2	2,033.8	Revenue
Cost of sales	1,386.2	△502.1	16.0	-	△3.7	△3.8	△0.5	△494.1	892.0	Cost of sales
Gross profit	1,160.9	△10.9	△16.0	-	3.7	3.5	0.6	△19.1	1,141.8	Gross profit
		-	48.5	△0.0	-	△0.1	0.1	48.5	48.5	Other revenue
		-	2.0	-	-	-	-	2.0	2.0	Investment gain on equity method
Selling, general and administrative expenses	786.2	△10.9	49.3	△82.9	△8.4	1.5	△1.6	△53.1	733.2	Selling, general and administrative expenses
EBITDA	581.1	-	△12.4	-	12.1	△3.9	1.0	△3.0	578.0	EBITDA
Operating income	374.7	-	△14.7	82.8	12.1	1.9	2.4	84.5	459.2	Operating profit
Non-operating income/expenses	△11.9	-	11.9	-	-	-	-	11.9		
Ordinary income	362.7									
Extraordinary income/loss	△17.7	-	17.7	-	-	-	-	17.7		
		-	6.4	-	-		△0.8	5.6	5.6	Financial Income
		-	21.3	-	0.2	0.0	1.9	23.4	23.4	Financial costs
Income before income taxes and minority interests	345.0	-	-	82.8	12.0	1.9	△0.4	96.3	441.4	Profit before income taxes
Income tax, inhabitant tax, enterprise tax, income taxes - deferred	110.5	-	-	0.1	4.0	△2.1	0.3	2.3	112.8	Income tax expense
Income before income taxes and minority interests	234.6	-	-	82.8	7.9	4.0	△0.7	94.0	328.6	Net profit
Minority interests in income	7.2	-	-	0.1	0.2	0.2	0.0	0.5	7.7	Profit attributable to non-controlling interest
Net income	227.4	-	-	82.7	7.8	3.8	△0.8	93.5	320.9	Profit attributable to owners of the parent

- **Reclassification Items**
  - **Revenue**
    Agent transactions where imported tobacco products are distributed by TS Network Co., Ltd, JT's consolidated subsidiary, recognise both sales and cost of sales under Japanese-GAAP. In accordance with IFRS, agent transactions for other tobacco companies outside Japan, exporting their products to Japan, is not included in both sales and cost of sales. Under Japanese-GAAP, some rebates are treated as sales, general and administrative expenses. Under IFRS, these are deducted from revenue.
  - **Non-operating income/expenses and extraordinary income/loss**
    Financial activities are reported as financial income/costs, while other items are reported as cost of sales, other operating revenue, investment gain on equity method or selling, general and administrative expenses under IFRS. These are reported as non-operating income/expenses and extraordinary income/loss under Japanese-GAAP.

- **Profit Impact Items**
  - **Goodwill**
    Under Japanese-GAAP, goodwill must be amortized over specified time periods. Under IFRS, there is no amortization of goodwill.
  - **Employee benefits**
    Under Japanese-GAAP, actuarial calculation differences are recognized as expenses, calculated by straight line method within the average remaining service period of the employee. These are recorded as net periodic retirement benefit costs, included in operating expenses. In accordance with IFRS, when actuarial calculation differences arise, they are recognized as other comprehensive income.
  - **Property, plant, equipment & intangible assets**
    Under Japanese-GAAP, the declining balance method is typically adopted as the depreciation method for property, plant, and equipment, excluding leased assets. In accordance with IFRS, the straight line method of depreciation is adopted.

- **Explanation of income statement reconciliation from Japanese GAAP to IFRS**

Revenue according to IFRS was ¥2,033.8 billion, due to an adjustment of reclassified items. Operating profit under IFRS was ¥459.2 billion, due to the removal of goodwill amortization, in addition to the reclassification of non-operating income/expenses and extraordinary income/loss. Profit before income taxes and profit attributable to owners of the parent was ¥441.4 billion and ¥320.9 billion respectively.

*1: The income statement for the fiscal year ended March 31, 2012 under Japanese-GAAP is non-audited information.

1. Summary of Business Performance

(unit: JPY billion,%)

	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change
Revenue	2,059.4	2,033.8	-25.5	- 1.2%
Operating profit	401.3	459.2	+57.9	+14.4%
Profit before income taxes	385.2	441.4	+56.1	+14.6%
Profit	248.7	328.6	+79.8	+32.1%
Profit(attributable to owners of parent company)	243.3	320.9	+77.6	+31.9%
Basic EPS(yen)*1	25,414.33	33,700.97	+8,286.64	+32.6%
Diluted EPS(yen)*1	25,407.09	33,687.78	+8,280.69	+32.6%
Adjusted EBITDA*2	522.0	577.1	+55.1	+10.6%
Adjusted profit*3	248.1	290.8	+42.7	+17.2%
Adjusted EPS(yen)*4	25,903.94	30,530.39	+4,626.45	+17.9%
DPS(yen)	6,800	10,000	+3,200	+47.1%
Payout ratio*5	26.8%	29.7%	+2.9%pt	[redacted]
ROE(attributable to owners of parent company)*6	15.3%	20.3%	+5.0%pt	[redacted]

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

*2 :Adjusted EBITDA=Operating profit + depreciation and amortization+ impairment losses on goodwill ±restructuring-related income and expenses

*3 :Adjusted profit=profit or loss attributable to owners of the parent + impairment losses on goodwill ± restructuring-related income and expenses ± tax and minority interests adjustments

*4 :Adjusted profit / diluted weighted average common shares

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

*6 :Based on Profit attributable to owners of parent company and Equity attributable to owners of the parent company

2.Breakdown of net sales

(unit: JPY billion,%)

	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change
Revenue	2,059.4	2,033.8	-25.5	- 1.2%
Japanese domestic tobacco	665.8	646.2	-19.6	- 2.9%
Core revenue*1	632.2	611.9	-20.2	- 3.2%
International tobacco*2	963.5	966.3	+2.7	+0.3%
Core revenue*3	887.8	894.6	+6.8	+0.8%
Pharmaceutical	44.1	47.4	+3.3	+7.5%
Food	367.5	359.4	-8.0	- 2.2%
Beverages	185.8	188.8	+3.0	+1.6%
Processed foods	181.7	170.7	-11.0	- 6.1%
Others	18.5	14.6	-3.9	- 21.2%

(Reference) (unit: USD million,%)

	2010	2011	Change	Rates of Change
International tobacco Core revenue*2*3	10,113	11,211	+1,098	+10.9%

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

*2 :International business: Year ended 2010 and year ended 2011

*3 :Excluding revenue from the distribution, contract manufacturing and other in the international tobacco business

3.Adjusted EBITDA by business segment*1

(unit: JPY billion,%)

	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change
Consolidated Operating profit	401.3	459.2	+57.9	+14.4%
Adjustment*3	120.7	118.0	-2.8	- 2.3%
Adjusted EBITDA*1	522.0	577.1	+55.1	+10.6%
Japanese domestic tobacco Operating profit	202.3	209.3	+6.9	+3.4%
Adjustment*3	44.8	53.0	+8.2	+18.2%
Adjusted EBITDA*1	247.2	262.3	+15.1	+6.1%
International tobacco Operating profit(*2)	225.9	252.4	+26.5	+11.7%
Adjustment*3	52.0	62.4	+10.4	+19.9%
Adjusted EBITDA*1*2	277.9	314.8	+36.9	+13.3%
Pharmaceutical Operating profit	-13.3	-13.5	-0.2	-
Adjustment*3	3.5	3.5	-0.1	- 2.2%
Adjusted EBITDA*1	-9.8	-10.0	-0.3	-
Food Operating profit	-3.6	2.0	+5.7	-
Adjustment*3	21.4	18.0	-3.4	- 15.9%
Adjusted EBITDA*1	17.7	20.0	+2.3	+12.8%
Other/Elimination Operating profit	-9.9	9.0	+19.0	-
Adjustment*3	-1.1	-18.9	-17.8	-
Adjusted EBITDA*1	-11.0	-9.8	+1.2	-

(Reference) (unit: USD million,%)

	2010	2011	Change	Rates of Change
International tobacco business Adjusted EBITDA*1*2	3,165	3,944	+779	+24.6%

*1 : Adjusted EBITDA=Operating profit + depreciation and amortization+ impairment losses on goodwill ±restructuring-related income and expenses

*2 : International business: Year ended 2010 and year ended 2011

*3 :Depreciation and amortization + impairment losses on goodwill ±restructuring-related income and expenses and others

4.Consolidated financial position data

(unit: JPY billion)

	As of April1, 2010	As of end of Mar.2011	As of end of Mar.2012
Total Assets	3,911.1	3,655.2	3,667.0
Total Equity	1,727.7	1,601.3	1,714.6
Equity attributable to owners of the parent company	1,654.7	1,525.1	1,634.1
BPS(attributable to owners of parent company) (yen)	172,720.90	160,179.52	171,617.35

5.Liquidity*

(unit: JPY billion)

	As of April1, 2010	As of end of Mar.2011	As of end of Mar.2012
Liquidity	167.4	276.6	431.2

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

6.Interest-bearing debt*

(unit: JPY billion)

	As of April1, 2010	As of end of Mar.2011	As of end of Mar.2012
Interest-bearing debt	875.4	709.1	502.4

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

7.Consolidated cash flows data

(unit: JPY billion,%)

	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change
Cash flows from operating activities	406.8	551.6	+144.7	+35.6%
Cash flows from investing activities	-126.0	-103.8	+22.2	-
Cash flows from financing activities	-185.4	-279.1	-93.7	-
Cash and cash equivalents, beginning of the year	154.4	244.2	+89.9	+58.2%
Foreign currency translation adjustments on cash and cash equivalents	-5.6	-8.2	-2.6	-
Cash and cash equivalents, end of the year	244.2	404.7	+160.5	+65.7%
FCF*	300.4	451.3	+150.9	+50.3%

* :FCF=(cash flow from operating activities + cash flow from investing activities) excluding the following items:
From "cash flow from operating activities": Dividends received / interest received and its tax effect / interest paid and its tax effect
From "cash flow from investing activities": Cash outflow from purchase of marketable securities / proceeds from sales of marketable securities /cash outflow from purchases of investment securities / proceeds from sales of investment securities / others (but not business-related investment securities, which are included in the investment securities item)

8.Capital expenditures

(unit: JPY billion,%)

	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change
Capital expenditures	148.4	119.0	-29.4	-19.8%
Japanese domestic tobacco	55.4	56.2	+0.8	+1.4%
International tobacco*	60.9	39.1	-21.8	-35.7%
Pharmaceutical	6.2	3.9	-2.3	-37.1%
Food	25.0	15.4	-9.5	-38.2%
Other/Elimination and corporate	0.9	4.3	+3.4	+369.8%

* : International business: Year ended 2010 and year ended 2011

9.Business data

(billions of cigarettes,%)

【Japanese domestic tobacco business】	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change	
JT sales volume* (billion cigarettes)	134.6	108.4	-26.2	- 19.5%	BNU
Total demand (billion cigarettes)	210.2	197.5	-12.7	- 6.0%	BNU
JT market share	64.1%	54.9%	-9.2%pt	[redacted]	
JT net sales after tax per 1,000 cigarettes(JPY)	4,582	5,502	+920	+20.1%	JPY

*: Sales volume of domestic duty-free and China division is excluded, which was 3.6 billion for FY ended Mar. 2011 and 3.7 billion for FY ended Mar. 2012, respectively.

【International tobacco business】	2010	2011	Change	Rates of Change	
Total shipment volume* (billion cigarettes)	428.4	425.7	-2.7	- 0.6%	BNU
GFB shipment volume (billion cigarettes)	249.8	256.5	+6.6	+2.6%	BNU
JPY/USD rate for consolidation	87.79	79.80	-7.99	+10.0%	JPY
RUB/USD rate for consolidation	30.36	29.40	-0.96	+3.3%	RUB
GBP/USD rate for consolidation	0.65	0.63	-0.02	+3.1%	GBP
EUR/USD rate for consolidation	0.75	0.72	-0.02	+3.5%	EUR
CHF/USD rate for consolidation	1.05	0.89	-0.16	+17.5%	CHF
TWD/USD rate for consolidation	31.73	29.44	-2.29	+7.8%	TWD

*: Total shipment volume includes cigars, pipe tobacco and snus, but does not include contract manufacturing.

(unit: JPY billion,%)

<Pharmaceutical business>	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change
R&D expenses (parent company)	21.7	22.3	+0.7	+3.0%

<Food business>	FY ended Mar. 2011	FY ended Mar. 2012	Change
Number of beverage vending machines *	265,000	265,000	-0
JT-owned	33,000	35,000	+2,000
Combined	83,000	84,000	+1,000

*: 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 beverages but also sell non-JT brand beverages. Number of vending machines as of end March 2011 does not reflect the damages from the Great East Japan Earthquake and is therefore total number of vending machines before the earthquake.

10.Number of employees*

	As of end of Mar. 2011	As of end of Mar. 2012	Change
Number of employees (consolidated basis)	48,472	48,529	+57
Japanese domestic tobacco	11,191	11,092	-99
International tobacco	23,902	24,237	+335
Pharmaceutical	1,664	1,693	+29
Foods	10,864	10,646	-218
Other businesses/Corporate	851	861	+10
Number of employees (parent company)	8,928	8,936	+8

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

11.Account titles of P/L

(unit: JPY billion,%)

	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change
Revenue	2,059.4	2,033.8	-25.5	- 1.2%
Japanese domestic tobacco	665.8	646.2	-19.6	- 2.9%
Core revenue *2	632.2	611.9	-20.2	- 3.2%
International tobacco *1	963.5	966.3	+2.7	+0.3%
Core revenue *1*3	887.8	894.6	+6.8	+0.8%
Pharmaceutical	44.1	47.4	+3.3	+7.5%
Food	367.5	359.4	-8.0	- 2.2%
Beverages	185.8	188.8	+3.0	+1.6%
Processed foods	181.7	170.7	-11.0	- 6.1%
Others	18.5	14.6	-3.9	- 21.2%
Cost of sales	953.9	892.0	-61.8	- 6.5%
Gross profit	1,105.5	1,141.8	+36.3	+3.3%
Other Operating profit	20.6	48.5	+27.9	+135.1%
Gain on sale of tangible fixed assets, intangible assets and investment properties	12.1	30.1	+18.0	+148.0%
Others	8.5	18.4	+9.9	+116.7%
Share of profit of investments accounted for using the equity method	2.3	2.0	-0.3	- 12.1%
SG&A	727.1	733.2	+6.0	+0.8%
Advertising expenses	21.4	21.5	+0.2	+0.8%
Promotion expenses	131.5	128.0	-3.4	- 2.6%
Freight and storage cost	28.0	27.9	-0.1	- 0.4%
Commissions	42.2	41.0	-1.3	- 3.0%
Employee benefits expenses	231.2	235.1	+3.8	+1.7%
R&D expenses	48.9	51.5	+2.6	+5.3%
Depreciation and amortization	61.7	58.5	-3.1	- 5.1%
Impairment losses	6.2	7.0	+0.8	+13.5%
Regulatory fine in Canada	12.8	-	-12.8	-
Loss on sale of tangible fixed assets and investment properties	10.0	11.5	+1.4	+14.1%
Corporation fee for termination of leaf tobacco farming	—	12.5	+12.5	-
Others	133.2	138.7	+5.5	+4.1%
Operating profit	401.3	459.2	+57.9	+14.4%
Depreciation and amortization	118.0	118.8	+0.9	+0.8%
Impairment losses on goodwill	0.1	-	-0.1	-
Restructuring-related income	-11.3	-29.9	-18.7	-
Restructuring-related expenses	13.9	29.0	+15.1	+108.6%
Adjusted EBITDA *4	522.0	577.1	+55.1	+10.6%
Japanese domestic tobacco Operating profit	202.3	209.3	+6.9	+3.4%
Depreciation and amortization	42.8	39.6	-3.2	- 7.5%
Impairment losses on goodwill	—	-	-	-
Restructuring-related income	—	-	-	-
Restructuring-related expenses	2.0	13.4	+11.4	+556.1%
Adjusted EBITDA *4	247.2	262.3	+15.1	+6.1%
International tobacco Operating profit *1	225.9	252.4	+26.5	+11.7%
Depreciation and amortization	51.6	55.2	+3.6	+7.0%
Impairment losses on goodwill	—	-	-	-
Restructuring-related income	-0.2	-0.6	-0.4	-
Restructuring-related expenses	0.6	7.7	+7.2	+1237.5%
Adjusted EBITDA *1*4	277.9	314.8	+36.9	+13.3%
Pharmaceutical Operating profit	-13.3	-13.5	-0.2	-
Depreciation and amortization	3.5	3.5	-0.1	- 2.2%
Impairment losses on goodwill	—	-	-	-
Restructuring-related income	—	-	-	-
Restructuring-related expenses	—	-	-	-
Adjusted EBITDA *4	-9.8	-10.0	-0.3	-
Foods Operating profit	-3.6	2.0	+5.7	-
Depreciation and amortization	16.5	17.5	+1.0	+6.3%
Impairment losses on goodwill	0.1	-	-0.1	-
Restructuring-related income	-2.9	-	+2.9	-
Restructuring-related expenses	7.7	0.4	-7.3	- 94.4%
Adjusted EBITDA *4	17.7	20.0	+2.3	+12.8%
Others/Elimination Operating profit	-9.9	9.0	+19.0	-
Depreciation and amortization	3.5	3.1	-0.4	- 12.6%
Impairment losses on goodwill	—	-	-	-
Restructuring-related income	-8.1	-29.4	-21.2	-
Restructuring-related expenses	3.6	7.4	+3.9	+107.7%
Adjusted EBITDA *4	-11.0	-9.8	+1.2	-

(unit: JPY billion,%)

	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change
Financial income	9.9	+5.6	-4.3	- 43.2%
Dividend income	1.5	+1.3	-0.2	- 14.5%
Interest income	2.2	+2.4	+0.2	+8.8%
Gain on sale of securities	—	—	—	-
Foreign exchange gain	0.8	—	-0.8	-
Other	5.4	+2.0	-3.4	- 63.8%
Financial costs	25.9	+23.4	-2.5	- 9.7%
Interest expenses	17.1	+14.4	-2.7	- 15.9%
Losses on sale of securities	—	—	—	-
Losses on revaluation of securities	—	—	—	-
Pension/post retirement benefit	5.4	+5.5	+0.1	+1.6%
Foreign exchange loss	—	+2.7	+2.7	-
Other	3.4	+0.8	-2.6	- 76.9%
Profit before income taxes	385.2	+441.4	+56.1	+14.6%
Income taxes	136.5	+112.8	-23.7	- 17.4%
Profit	248.7	+328.6	+79.8	+32.1%
Owners of the parent company	243.3	+320.9	+77.6	+31.9%
Non-controlling interests	5.4	+7.7	+2.3	+41.6%

*1 : International business: Year ended 2010 and year ended 2011

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

*3 : Excluding revenue from the distribution, contract manufacturing and other in the international tobacco business

*4 : Adjusted EBITDA=Operating profit + depreciation and amortization+ impairment losses on goodwill ±restructuring-related income and expenses

12.Account titles of B/S

(unit: JPY billion)

	As of April1, 2010	As of end of Mar.2011	As of end of Mar.2012
Current assets	1,164.5	1,258.9	1,331.0
Cash and cash equivalents	154.4	244.2	404.7
Cash and deposits	147.6	104.8	108.8
Short-term investment	6.8	139.4	295.9
Trade and other receivables	308.1	311.2	327.8
Notes and accounts receivable	296.3	301.4	311.8
Other	15.0	12.2	17.7
Allowance for doubtful accounts	-3.2	-2.4	-1.7
Inventories	531.9	488.6	446.6
Merchandise and finished goods	132.0	108.5	112.5
Leaf tobacco	359.2	343.2	294.8
Other	40.8	36.9	39.3
Other financial assets※3	21.6	37.3	27.4
Other current assets	147.1	137.9	123.2
Prepaid tobacco excise taxes	98.4	91.5	87.3
Prepaid expenses	11.1	10.1	10.7
Consumption taxes payable	10.7	10.8	6.7
Other	26.8	25.5	18.5
Non-current assets held for sale	1.4	39.6	1.4
Non-current assets	2,746.7	2,396.3	2,336.0
PP&E	648.6	639.3	619.5
Cost	1,519.8	1,489.5	1,451.0
Accumulated depreciation and accumulated impairment losses	-871.2	-850.2	-831.4
Land, buildings and structures	316.0	304.2	293.4
Cost	634.8	617.4	594.0
Accumulated depreciation and accumulated impairment losses	-318.8	-313.2	-300.5
Machinery and vehicles	233.1	252.1	239.2
Cost	671.4	690.4	670.6
Accumulated depreciation and accumulated impairment losses	-438.3	-438.3	-431.4
Tools, furniture and fixtures	57.6	53.9	55.8
Cost	171.7	152.6	155.2
Accumulated depreciation and accumulated impairment losses	-114.1	-98.7	-99.5
Construction in progress	41.9	29.1	31.1
Cost	41.9	29.1	31.1
Accumulated depreciation and accumulated impairment losses	0.0	-	-
Goodwill※1	1,388.1	1,176.1	1,110.0
Cost	1,388.1	1,176.2	1,110.0
Accumulated depreciation and accumulated impairment losses	―	-0.1	-
Intangible assets	394.7	330.2	306.4
Cost	895.7	848.6	848.0
Accumulated depreciation and accumulated impairment losses	-501.0	-518.4	-541.5
Trademark※2	351.1	286.6	257.3
Cost	732.6	679.1	663.9
Accumulated depreciation and accumulated impairment losses	-381.5	-392.5	-406.5
Software	21.3	18.8	17.8
Cost	93.0	94.1	97.3
Accumulated depreciation and accumulated impairment losses	-71.7	-75.3	-79.6
Other	22.3	24.7	31.3
Cost	70.0	75.4	86.8
Accumulated depreciation and accumulated impairment losses	-47.8	-50.7	-55.5
Investment property	81.1	36.5	67.4
Retirement benefit assets	5.2	6.8	14.4
Investments accounted for using the equity method	23.3	19.1	18.4
Other financial assets※3	83.5	62.7	67.5
Deferred tax assets	122.1	125.7	132.2
Total assets	3,911.1	3,655.2	3,667.0

※3	Other financial assets(current & non-current)	105.1	100.0	94.9
	Derivative assets	9.0	6.8	1.9
	Equities	51.1	33.4	39.1
	Bonds	8.0	24.3	8.8
	Time deposits	7.9	12.0	24.3
	Other	64.2	47.4	34.9
	Allowance for doubtful accounts	-35.1	-24.0	-14.1

※1	Goodwill International tobacco cash-generating unit	1,345.6	1,133.6	1067.5
	Goodwill processed food cash-generating unit	25.4	25.4	25.4

※2	Trademark International tobacco business	348.7	283.7	254.5

(unit: JPY billion)

	As of April1, 2010	As of end of Mar.2011	As of end of Mar.2012
Current liabilities	1,108.3	1,077.5	1,157.5
Trade and other payables	301.9	311.8	298.7
Notes and accounts payable	149.5	170.8	165.4
Other payables	73.7	67.1	71.7
Other	78.7	73.8	61.5
Bonds and borrowings※4	301.7	218.0	211.8
Income taxes payable	54.1	65.7	42.5
Other financial libilities※4	13.2	8.4	8.0
Provisions	3.9	4.2	5.7
Other current liabilities※5	433.5	463.1	590.7
Liabilities directly associated with non-current assets held-for-sale	―	6.3	0.1
Non current liabilities	1,075.2	976.4	794.9
Bonds and borrowings※4	558.6	478.2	279.7
Other financial liabilities※4	29.3	14.8	21.0
Retirement benefit liabilities	285.0	311.9	315.0
Provisions	5.6	4.5	4.4
Other non-current liabilities※5	98.0	94.1	92.2
Deferred tax liabilities	98.7	72.9	82.5
Liabilities	2,183.4	2,053.9	1952.4
Equity	1,727.7	1,601.3	1714.6
Share capital	100.0	100.0	100.0
Capital surplus	736.4	736.4	736.4
Treasury shares	-74.6	-94.6	-94.6
Other components of equity	12.6	-250.7	-376.4
Retained earnings	880.2	1,034.1	1268.6
Non-controlling interests	73.0	76.2	80.6
Total liabilities and equity	3,911.1	3,655.2	3667.0

※4	Bonds and borrowings(including other financial liabilities) (current & non-current)	902.8	719.5	520.5
	Derivative liabilities	7.0	2.9	5.1
	Short-term borrowings	109.3	70.1	43.5
	Commercial paper	119.0	―	―
	Current portion of long-term borrowings	23.0	21.5	78.2
	Current portion of bonds	50.4	126.5	90.1
	Long-term borrowings	149.6	152.4	49.3
	Bonds	409.0	325.7	230.5
	Other	35.6	20.4	23.9

※5	Other liabilities(current & non-current)	531.4	557.2	683.0
	Tobacco excise taxes payable	212.1	202.2	240.5
	Tobacco special excise taxes payable	10.5	8.2	15.1
	Tobacco local excise taxes payable	85.2	102.2	191.4
	Consumption taxes payable	59.7	69.8	83.2
	Provision for bonuses	37.3	35.2	39.7
	Compensated absences	19.6	18.6	18.6
	Other	107.0	121.0	94.5

1. Summary of Business Performance

(unit: JPY billion,%)

	FY03/2012	FY03/13	Change	Rates of Change
Revenue	2,033.8	2,120.0	+86.2	+4.2%
Operating profit	459.2	483.0	+23.8	+5.2%
Profit before income taxes	441.4	469.0	+27.6	+6.3%
Profit	328.6	324.0	-4.6	- 1.4%
Profit(attributable to owners of parent company)	320.9	318.0	-2.9	- 0.9%
Basic EPS(yen)*1*6	33,700.97	33,398.19	-302.78	- 0.9%
Adjusted EBITDA*2	577.1	595.0	+17.9	+3.1%
DPS(yen)*6	10,000	12,000	+2,000	+20.0%
Payout ratio*3	29.7%	35.9%	+6.2%pt	-
ROE(attributable to owners of parent company)*4	20.3%	18.2%	-2.1%pt	-

(Reference)

	FY03/2012	FY03/13	Change	Rates of Change
Adjusted EBITDA at constant rates of exchange*5	577.1	607.0	+29.9	+5.2%

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

*2 :Adjusted EBITDA=Operating profit + depreciation and amortization+ impairment losses on goodwill ± restructuring-related income and expenses

*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 :FY03/2012-Actual
FY03/2013- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY03/2012

*6 :A 200 for 1 stock split is planned, effective as of July 1, 2012.
The above numbers do not take account of this planned stock split.

2.Breakdown of net sales

(unit: JPY billion,%)

	FY03/2012	FY03/13	Change	Rates of Change
Revenue	2,033.8	2,120.0	+86.2	+4.2%
Japanese domestic tobacco	646.2	682.0	+35.8	+5.5%
Core revenue*1	611.9	649.0	+37.1	+6.1%
International tobacco*2	966.3	1,007.0	+40.7	+4.2%
Core revenue*3	894.6	930.0	+35.4	+4.0%
Pharmaceutical	47.4	50.5	+3.1	+6.5%
Food	359.4	367.5	+8.1	+2.2%
Others	14.6	13.0	-1.6	-10.7%

(Reference) (unit: USD million,%)

	2011	2012	Change	Rates of Change
International tobacco Core revenue*2*3	11,211	11,620	+409	+3.6%
International tobacco Core revenue at constant rates of exchange*2*3*4	11,211	11,950	+739	+6.6%

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

*2 :International business: Year ended 2011 and year ended 2012

*3 :Excluding revenue from the distribution, contract manufacturing and other in the international tobacco business

*4 :2011-Actual
2012-at the same foreign exchange rates between local currency vs USD as 2011

3.OP & Adjusted EBITDA by business segment*1

(unit: JPY billion,%)

	FY03/2012	FY03/13	Change	Rates of Change
Consolidated Operating profit	459.2	483.0	+23.8	+5.2%
Japanese domestic tobacco	209.3	226.0	+16.7	+8.0%
International*2	252.4	281.0	+28.6	+11.4%
Pharmaceutical	-13.5	-19.5	-6.0	-
Food	2.0	2.5	+0.5	+23.5%
Other/Elimination Operating profit	9.0	-7.0	-16.0	-
Adjusted EBITDA*1	577.1	595.0	+17.9	+3.1%
Japanese domestic tobacco*1	262.3	268.0	+5.7	+2.2%
International*1*2	314.8	334.0	+19.2	+6.1%
Pharmaceutical*1	-10.0	-16.0	-6.0	-
Food*1	20.0	21.0	+1.0	+5.1%
Other/Elimination Operating profit*1	-9.8	-12.0	-2.2	-

(Reference) (unit: USD million,%)

	2011	2012	Change	Rates of Change
International tobacco business Adjusted EBITDA*1*2	3,944	4,180	+236	+6.0%
International tobacco business Adjusted EBITDA at constant rates of exchange*1*2*3	3,944	4,340	+396	+10.0%

*1 :Adjusted EBITDA=Operating profit + depreciation and amortization+ impairment losses on goodwill ± restructuring-related income and expenses

*2 :International business: Year ended 2010 and year ended 2011

*3 :2011-Actual
2012-at the same foreign exchange rates between local currency vs USD as 2011

4.Consolidated cash flows data

(unit: JPY billion,%)

	FY03/2012	FY03/13	Change	Rates of Change
FCF*	451.3	300.0	-151.3	-33.5%

*:FCF=(cash flow from operating activities + cash flow from investing activities) excluding the following items:
From "cash flow from operating activities": Dividends received / interest received and its tax effect / interest paid and its tax effect
From "cash flow from investing activities": Cash outflow from purchase of marketable securities / proceeds from sales of marketable securities /cash outflow from purchases of investment securities / proceeds from sales of investment securities / others (but not business-related investment securities, which are included in the investment securities item)

5.Capital expenditures

(unit: JPY billion,%)

	FY03/2012	FY03/13	Change	Rates of Change
Capital expenditures	119.0	169.0	+50.0	+42.0%
Japanese domestic tobacco	56.2	85.0	+28.8	+51.2%
International tobacco*	39.1	50.0	+10.9	+27.7%
Pharmaceutical	3.9	5.0	+1.1	+28.3%
Food	15.4	20.0	+4.6	+29.8%
Other/Elimination and corporate	4.3	9.0	+4.7	+108.3%

*: International business: Year ended 2011 and year ending 2012

6.Business data

【Japanese domestic tobacco business】	FY03/2012	FY03/13	Change	Rates of Change	
JT sales volume* (billion cigarettes)	108.4	114.5	+6.1	+5.6%	BNU

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

【International tobacco business】	2011	2012	Change	Rates of Change	
Total shipment volume* (billion cigarettes)	425.7	430.0	+4.3	+1.0%	BNU
GFB shipment volume (billion cigarettes)	256.5	264.0	+7.5	+2.9%	BNU
JPY/USD rate for consolidation	79.80	80.00	+0.20	-0.3%	JPY
RUB/USD rate for consolidation	29.40	30.00	+0.60	-2.0%	RUB
GBP/USD rate for consolidation	0.63	0.63	+0.00	-0.7%	GBP
EUR/USD rate for consolidation	0.72	0.75	+0.03	-3.6%	EUR
CHF/USD rate for consolidation	0.89	0.90	+0.01	-0.9%	CHF
TWD/USD rate for consolidation	29.44	29.50	+0.06	-0.2%	TWD

*: Total shipment volume includes cigars, pipe tobacco and snus, but does not include contract manufacturing.

Financial Results for the FY ended Mar.2012 (JGAAP)

*This guidance is made in accordance with the Japanese accounting standards.This includes unaudited data.
*For the international tobacco business, financial results for the fiscal year-ended March 2011 are disclosed on US GAAP basis, whereas for the fiscal year-ended March 2012, the figures are disclosed on IFRS basis, after making the necessary conversion to the Japanese accounting standards (for example, amortization of goodwill). Due to this change, according to the accounting standards of retroactive adjustment, we disclose the adjusted data of the FY 3/2011 as the new base.
*For the international tobacco business, as its fiscal period is January to December, all of the date for this sheet is the result of January to December period.

1. Summary of Business Performance

(unit: JPY billion,%)

	FY ended Mar. 2011 (Former)	FY ended Mar. 2011 (New)	FY ended Mar. 2012 (New)	Change (New)	Rates of Change
Net sales *1	2,486.2	2,432.6	2,547.1	+114.4	+4.7%
Adjusted net sales *1*2	1,956.6	1,947.0	1,924.7	-22.3	- 1.1%
EBITDA	541.1	542.6	581.1	+38.5	+7.1%
Operating Income	328.7	333.2	374.7	+41.4	+12.4%
Recurring Profit	312.5	313.1	362.7	+49.7	+15.9%
Net Income	145.0	145.4	227.4	+82.0	+56.4%

*1 Net sales and adjusted net sales do not include excise tax.
*2 Excluding revenues from the imported tobacco, domestic duty free, the China Division and other peripheral businesses in the Japanese domestic tobacco business, as well as distribution, contract manufacturing and other peripheral businesses in the international business

FCF	299.7	299.7	452.4	+152.6	+50.9%

(Reference: Figures for major profit items before goodwill amortization)

Operating Income	419.8	421.3	457.2	+35.9	+8.5%
Recurring Profit	403.6	401.1	445.3	+44.2	+11.0%
Net Income	236.1	233.4	309.9	+76.5	+32.8%

2. Breakdown of net sales

(unit: JPY billion,%)

	FY ended Mar. 2011 (Former)	FY ended Mar. 2011 (New)	FY ended Mar. 2012 (New)	Change (New)	Rates of Change
Net sales *1	2,486.2	2,432.6	2,547.1	+114.4	+4.7%
Japanese domestic tobacco *1	1,027.9	1,027.9	1,147.5	+119.7	+11.6%
International tobacco *1	1,017.0	963.5	966.3	+2.7	+0.3%
Adjusted net sales *1 *2 *3	1,956.6	1,947.0	1,924.7	-22.3	- 1.1%
Japanese domestic tobacco *1*2	617.9	617.9	596.8	-21.1	- 3.4%
International tobacco *1 *3	897.5	887.8	894.6	+6.8	+0.8%
Pharmaceutical	47.0	47.0	50.6	+3.7	+7.8%
Food	375.0	375.0	367.0	-8.1	- 2.1%
Beverages	192.4	192.4	196.3	+3.9	+2.0%
Processed foods	182.6	182.6	170.6	-12.0	- 6.6%
Others	19.2	19.2	15.7	-3.6	- 18.5%

(Reference：International tobacco business Dollar base) (unit: USD million,%)

Adjusted net sales *1 *3	10,223	10,113	11,211	+1,098	+10.9%
at constant FX rate	10,223	10,113	10,925	+812	+8.0%

*1 Net sales, adjusted net sales and core net sales do not include excise tax.
*2 Excluding revenue from the imported tobacco, domestic duty free, the
*3 Excluding revenue from the distribution, contract manufacturing and other peripheral businesses.

3. Breakdown of SG&A expenses

(unit: JPY billion,%)

	FY ended Mar. 2011 (Former)	FY ended Mar. 2011 (New)	FY ended Mar. 2012 (New)	Change (New)	Rates of Change
SG&A	791.8	788.3	786.2	-2.1	- 0.3%
Personnel *	217.4	217.1	222.6	+5.5	+2.5%
Advertising and general publicity	20.9	20.9	20.4	-0.5	- 2.2%
Sales promotion	140.8	140.8	141.2	+0.4	+0.3%
R&D	53.4	53.3	53.6	+0.3	+0.6%
Depreciation and amortization	60.9	60.9	56.5	-4.4	- 7.2%
Others	298.5	295.4	291.9	-3.5	- 1.2%

* Personnel expense is the sum of compensation, salaries, allowances, provision for retirement benefit, legal welfare, employee bonuses and accrual of employee bonuses.

4. EBITDA by business segment *1

(unit: JPY billion,%)

	FY ended Mar. 2011 (Former)	FY ended Mar. 2011 (New)	FY ended Mar. 2012 (New)	Change (New)	Rates of Change
Consolidated EBITDA	541.1	542.6	581.1	+38.5	+7.1%
Operating income	328.7	333.2	374.7	+41.4	+12.4%
Depreciation and amortization *2	212.4	209.4	206.4	-2.9	- 1.4%
Japanese domestic tobacco EBITDA	257.7	257.7	272.5	+14.9	+5.8%
Operating income	212.9	212.9	229.6	+16.7	+7.9%
Depreciation and amortization *2	44.8	44.8	42.9	-1.9	- 4.2%
International tobacco EBITDA	288.2	293.0	312.6	+19.6	+6.7%
Operating income	156.1	164.1	185.3	+21.3	+13.0%
Depreciation and amortization *2	132.0	129.0	127.3	-1.7	- 1.3%
Pharmaceutical EBITDA	-13.3	-13.3	-12.3	+1.0	-
Operating income	-17.4	-17.4	-16.1	+1.3	-
Depreciation and amortization *2	4.1	4.1	3.8	-0.3	- 8.3%
Food EBITDA	17.3	17.3	21.5	+4.2	+24.4%
Operating income	-9.4	-9.4	-6.3	+3.1	-
Depreciation and amortization *2	26.7	26.7	27.8	+1.1	+4.1%
Other/Elimination and corporate EBITDA	-8.8	-12.1	-13.3	-1.1	-
Operating income	-13.5	-16.9	-17.9	-1.0	-
Depreciation and amortization *2	4.8	4.8	4.6	-0.2	- 3.5%

(Reference：International tobacco business Dollar base) (unit: USD million,%)

EBITDA	3,282	3,338	3,917	+580	+17.4%
at constant FX rate	3,282	3,338	3,861	+523	+15.7%

*1 EBITDA=operating income + depreciation and amortization *2
*2 Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill

5. Amortization relating to major acquisitions

Goodwill Amortization relating to major acquisitions

(unit: USD million)

International tobacco business	Year ended Dec. 2010	Year ended Dec. 2011	Years to amortize
Former RJRI and Gallaher	881	903	20

* Including former RJRI, Gallaher and others
* Termination of goodwill amortization: Former RJRI Apr/19, Former Gallaher Mar/27

(unit: JPY billion)

Food business	FY ended Mar. 2011	FY ended Mar. 2012	Years to amortize
TableMark (Former Katokichi)	9.2	9.2	5

* Termination of goodwill amortization: Dec/12

Trademark amortization relating to major acquisitions

(unit: USD million)

International tobacco business	FY ended Mar. 2011	FY ended Mar. 2012	Years to amortize
Former RJRI and Gallaher	242	258	mainly20

* Termination of trademark rights amortization: Former RJRI Apr/19, Former Gallaher Mar/27

6.Capital expenditure

(unit: JPY billion,%)

	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of Change
Capital expenditures	146.0	119.5	-26.5	-18.2%
Japanese domestic tobacco	56.0	57.2	+1.2	+2.2%
International tobacco *	60.9	39.1	-21.8	- 35.7%
Pharmaceutical	2.9	2.9	+0.0	+1.6%
Food	25.0	15.5	-9.5	- 38.0%
Other/Elimination and corporate	1.2	4.7	+3.5	+280.8%

7. Cash and cash equivalents *

(unit: JPY billion)

	As of end of Mar. 2011	As of end of Mar. 2012	Change
Cash and cash equivalents	276.6	431.2	154.7

* Cash and cash equivalents = cash and deposits + marketable securities
+ securities purchased under repurchase agreements

8. Interest-bearing debt *

(unit: JPY billion)

	As of end of Mar. 2011	As of end of Mar. 2012	Change
Interest-bearing debt	708.7	505.2	-203.6

9. Business data

<Pharmaceutical business>	FY ended Mar. 2011	FY ended Mar. 2012	Change	Rates of change	
R&D expenses (parent company)	21.7	22.3	+0.7	+3.0%	JPY billion

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 03/2010	39.0	39.5	38.8	34.3	151.8
FY 03/2011	35.9	50.6	20.3	27.7	134.6
FY 03/2012	18.4	32.4	29.9	27.5	108.4

2. Quarterly Retail Price Sales

(billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	581.7	589.1	578.5	512.3	2,261.7
FY 03/2011	535.4	753.1	413.3	566.9	2,268.9
FY 03/2012	373.6	662.5	610.0	560.3	2,206.5

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

3. Quarterly Net Sales Excluding Excise Tax Per Thousand Cigarettes

(JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	4,056	4,055	4,057	4,058	4,056
FY 03/2011	4,054	4,052	5,539	5,533	4,582
FY 03/2012	5,444	5,516	5,509	5,515	5,502

* Net sales excluding excise tax per thousand cigarettes
= (retail price sales-retailer margins-consumption tax-excise taxes)/sale

4. Quarterly JT Market Share

(%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	65.1	64.8	65.0	64.8	64.9
FY 03/2011	64.5	65.1	62.7	62.6	64.1
FY 03/2012	40.8	59.3	58.7	59.2	54.9

Market Share in Growing Segments

1. 1mg Tar

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	14.9	14.8	15.2	15.6	15.1
FY 03/2011	15.7	15.2	15.2	15.4	15.4
FY 03/2012	9.8	14.1	14.1	14.3	13.2

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	23.9	23.8	24.1	24.5	24.1
FY 03/2011	24.7	23.7	24.0	24.3	24.2
FY 03/2012	24.7	23.9	24.1	24.4	24.3

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	62.3	62.2	63.0	63.8	62.8
FY 03/2011	63.6	64.1	63.3	63.5	63.7
FY 03/2012	39.6	58.8	58.5	58.7	54.2

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	7.6	7.9	8.0	8.5	8.0
FY 03/2011	8.4	8.0	8.7	8.4	8.3
FY 03/2012	3.2	6.3	6.6	6.9	5.8

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	22.6	23.2	23.0	23.5	23.1
FY 03/2011	23.9	23.3	25.7	25.3	24.3
FY 03/2012	26.1	24.2	25.1	25.0	25.1

(3) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	33.8	34.2	34.7	36.2	34.7
FY 03/2011	35.2	34.1	33.8	33.3	34.2
FY 03/2012	12.4	26.2	26.4	27.5	23.2

3. JPY 440 or above*

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	5.1	5.0	5.2	5.2	5.1
FY 03/2011	5.1	4.7	17.4	16.7	9.3
FY 03/2012	8.1	15.1	14.9	14.8	13.4

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	23.9	23.8	24.1	24.8	24.6
FY 03/2011	24.7	24.4	38.3	37.4	29.4
FY 03/2012	37.6	36.4	37.0	36.6	36.9

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	21.3	21.0	21.4	21.1	20.7
FY 03/2011	20.7	19.5	45.5	44.7	29.1
FY 03/2012	21.5	41.3	40.2	40.4	36.2

* JPY 320 or above, before Oct 2010

4. Quarterly D-spec Product Share

(%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	4.76	4.66	5.25	5.31	5.21
FY 03/2011	10.91	10.47	10.44	11.02	10.70
FY 03/2012	5.41	9.19	9.29	9.86	8.51

* Caster have been sold as D-spec products since April 2010.

Japan Tobacco Inc. Clinical development (as of April 26, 2012)

Code(Generic Name)	Stage*	Key Indication	Mechanism /dosage form	Characteristics	Rights
JTK-303 (elvitegravir)	In preparation for NDA filing of single-tablet regimen containing JTK-303 (Japan)	HIV infection	Integrase inhibitor /oral	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV	Gilead Sciences (U.S.) obtained the rights to develop and commercialize this compound worldwide, with the exception of Japan. The company has submitted the single-tablet regimen containing JTK-303 (elvitegravir) to the U.S. Food and Drug Administration (FDA) for approval.
JTT-705 (dalcetrapib)	Phase 2 (Japan)	Dyslipidemia	CETP modulator /oral	Decreases LDL and increases HDL by modulation of CETP activity -CETP: Cholesteryl Ester Transfer Protein, facilitates transfer of cholesteryl ester from HDL to LDL -HDL: High-density lipoprotein ("good cholesterol") -LDL: Low-density lipoprotein ("bad cholesterol")	Roche (Switzerland) obtained the rights to develop and commercialize the compound worldwide, with the exception of Japan. >Development stage by Roche: Phase 3
JTT-302	Phase 2 (Overseas)	Dyslipidemia	CETP inhibitor /oral	Decreases LDL and increases HDL by inhibition of CETP	
JTT-751 (Ferric Citrate)	Phase 3 (Japan)	Hyperphosphatemia	Phosphate binder /oral	Decreases serum phosphorous level by binding phosphate derived from dietary in the gastrointestinal tract	JT obtained the rights to develop and commercialize this compound in Japan from Keryx Biopharmaceuticals (U.S.) (Developed jointly with Torii)
JTT-851	Phase 2 (Japan) Phase 1 (Overseas)	Type 2 diabetes mellitus	G protein-coupled receptor 40 agonist /oral	Decreases blood glucose by stimulation of glucose-dependent insulin secretion	
JTZ-951	Phase 1 (Japan) Phase 1 (Overseas)	Anemia associated with chronic kidney disease	HIF-PHD inhibitor /oral	Increases red blood cells by accelerating production of erythropoietin, an erythropoiesis-stimulating hormone, via inhibition of HIF-PHD. -HIF-PHD: Hypoxia Inducible Factar-Prolyl Hydroxylase Domain containing protein	
JTE-051	Phase 1 (Overseas)	Autoimmune/allergic diseases	Interleukin-2 inducible T cell kinase inhibitor/oral	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response	
JTE-052	Phase 1 (Japan)	Autoimmune/allergic diseases	JAK inhibitor/oral	Suppresses overactive immune response via inhibitation of Janus kinase (JAK) related to immune signal.	

*Based on the first dose

Updates since the previous announcement on February 6, 2012:

JTE-052 has entered the clinical trial stage in Japan.
JTT-851 advanced from Phase1 to Phase2 clinical trial in Japan
Development of JTT-130 and JTK-853 were terminated.