



FOR IMMEDIATE RELEASE

Tokyo, October 30, 2014

JT's Consolidated Financial Results for FY2014 Second Quarter

Adjusted operating profit grows steadily driven by robust pricing in the International Tobacco Business

Results for FY2014 Second Quarter

- Revenue and adjusted operating profit showed steady growth of 1.3% and 3.0% respectively, driven by robust pricing in the International Tobacco Business and supported by depreciation of the Japanese Yen. Adjusted operating profit at constant FX increased 3.7%.
- Profit attributable to owners of the parent declined 7.5%. This was mainly due to lower gains from real estate asset disposals, as well as a share of the expenses related to measures to strengthen the competitiveness of the Japanese Domestic Tobacco Business being accounted for during the reported quarter.
- International Tobacco Business: Pricing continued to drive double-digit earnings growth, with an increase of 11.7% in adjusted operating profit in US Dollars at constant FX, coupled with 4.2% growth in core revenue. In Japanese Yen, core revenue and adjusted operating profit increased 7.6% and 10.4% respectively, due to the currency depreciation against the US Dollar.
- Japanese Domestic Tobacco Business: Affected by the temporary slowdown following the April consumption tax (VAT) hike, total sales volume decreased 10.2%. Market share has steadily recovered from April, led by a number of initiatives focusing on further strengthening brand equity and aimed at retaining consumers.

Forecast for FY2014 for the 12 month period ending December 31, 2014

- The forecast for adjusted operating profit at constant FX has been revised upwards by ¥11.0 billion, an increase of 7.8% from the previous year, mainly due to the upward revision in the International Tobacco Business.
- The forecast for profit attributable to owners of the parent has been revised upwards by ¥31.0 billion to ¥401.0 billion as a result of higher than expected gains from real estate asset disposals, and a stronger performance in the International Tobacco Business.

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

“Against the backdrop of significant industry contraction, our international tobacco business fundamentals remain strong, driving market share gains in most key markets. Pricing continues to be the main driver of earnings growth and the decline in total shipment volume has slowed down. Our international business is on track for a double-digit profit increase. In Japan market share has steadily recovered from the tax increase impact. While the operating environment is increasingly competitive, we strive to achieve further market share gains through brand equity strengthening initiatives.”



Consolidated Financial Results for FY2014 Second Quarter

(billions of Yen)	Apr-Sep		Difference	Net Change
	2013	2014		
Revenue	1,159.1	1,174.4	15.3	1.3%
Adjusted operating profit	318.9	328.3	9.4	3.0%
Operating profit	347.4	307.1	-40.3	-11.6%
Profit attributable to owners of the parent	237.1	219.3	-17.8	-7.5%

At constant FX:

Adjusted operating profit	318.9	330.8	11.9	3.7%
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- Revenue**
 Revenue increased 1.3% driven by the strong price/mix in the International Tobacco Business and the depreciation of the Japanese currency.
- Adjusted Operating Profit**
 Adjusted operating profit increased 3.0%, or 3.7% 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 7.5%. This was mainly due to an approximately ¥30 billion decline in gains from real estate asset disposals and approximately ¥10 billion share of expenses related to measures to strengthen the competitiveness of the Japanese Domestic Tobacco Business, which was accounted for during the quarter.
- Dividend**
 As stated in the “Business Plan 2014”, the Company announces a first half-year dividend of ¥50 per share and forecasts a second half-year dividend of ¥50 per share, resulting in an annual forecast dividend of ¥100 per share this fiscal year.



Results by Business Segment

International Tobacco Business (Financial results for January 1 – June 30, 2014)

(billions of units, billions of Yen)	Jan-Jun		Net Change
	2013	2014	
Total shipment volume¹	202.0	190.6	-5.6%
GFB shipment volume¹	128.1	123.0	-4.0%
Core revenue	559.7	602.0	7.6%
Adjusted operating profit	199.2	219.9	10.4%

Total and GFB shipment volumes declined 5.6% and 4.0% respectively, due to industry contraction in France, Russia and Spain, as well as first quarter trade inventory adjustments in some markets and intense price competition in Turkey's value segment. Year-on-year market share² increased in the key markets of France, Spain, Turkey and the UK. In Russia, GFB share of market continued to increase and share of value³ was stable.

In US Dollars at constant FX, core revenue and adjusted operating profit grew 4.2% and 11.7% respectively, with robust price/mix compensating for the overall volume decline. Core revenue and adjusted operating profit on a reported basis increased 0.6% and 3.3% respectively. As a result of the currency depreciation against the US Dollar, core revenue and adjusted operating profit in Japanese Yen grew 7.6% and 10.4% respectively.

Japanese Domestic Tobacco Business

(billions of units, billions of Yen)	Apr-Sep		Net Change
	2013	2014	
Total sales volume	59.6	53.5	-10.2%
Core revenue	335.8	312.4	-7.0%
Adjusted operating profit	131.2	121.5	-7.4%

Total sales volume declined 10.2% affected by a temporary slowdown following the tax hike in April. As a result, core revenue decreased 7.0%. Adjusted operating profit declined 7.4% due to the lower sales volume partly offset by continuous cost reduction.

The Company continued to focus on initiatives to further strengthen brand equity with the aim of retaining consumers. Mevius showed steady market share growth driven by the Premium Menthol Option line, and a number of new products were launched including four from Seven Stars in July and two from Peace in September. As a result, market share demonstrated steady recovery from 59.1% in April, resulting in 59.9% for April-September, while the business environment was increasingly competitive.



Pharmaceutical Business

(billions of Yen)	Apr-Sep		Difference
	2013	2014	
Revenue	30.4	28.4	-2.0
Adjusted operating profit	-5.4	-6.4	-1.0

Revenue decreased to ¥28.4 billion, due to an unfavourable comparison with the same period of the previous year, which included milestone revenue related to progress in R&D of original JT compounds that have been out-licensed. A temporary slowdown after the increase in demand for Torii Pharmaceutical products which preceded the April tax hike was another contributing factor. As a result, adjusted operating profit declined to -¥6.4 billion.

Key achievements since July 2014:

- Torii Pharmaceutical
Cedartolen Sublingual Drop (Cedar polinosis): launched in Japan in October
- Out-licensed to partners
Mekinist (Melanoma): partner announced the receipt of European Medicines Agency's approval in July
Vitekta (HIV infection): received the US Food and Drug Agency's approval in September

Beverage Business

(billions of Yen)	Apr-Sep		Difference
	2013	2014	
Revenue	97.2	93.7	-3.5
Adjusted operating profit	-0.7	-0.1	0.6

The Beverage Business continued to invest in marketing initiatives focusing on the two core brands "Roots" and "Momono Tennen-sui". Affected by adverse weather conditions in the summer, revenue declined ¥3.5 billion. Adjusted operating profit improved to -¥0.1 billion due to efficient cost management.

Processed Food Business

(billions of Yen)	Apr-Sep		Difference
	2013	2014	
Revenue	75.8	77.0	1.2
Adjusted operating profit	-0.4	-0.3	0.1

A number of promotional activities focusing on staple food products were taken. Revenue in the Processed Food Business grew ¥1.2 billion to ¥77.0 billion. Due to higher raw materials costs attributable to the depreciation of the Japanese Yen, adjusted operating profit remained flat.



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

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

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

(billions of Yen)	FY2013 Actual	FY2014 Previous Forecast	FY2014 Updated Forecast	Change from FY2014 Previous Forecast	Change from FY2013 Actual
Revenue	2,372.2	2,430.0	2,423.0	-7.0	50.8 (2.1%)
Adjusted operating profit	613.0	623.0	645.0	22.0	32.0 (5.2%)
Operating profit	643.3	554.0	586.0	32.0	-57.3 (-8.9%)
Profit attributable to owners of the parent	443.6	370.0	401.0	31.0	-42.6 (-9.6%)

At constant FX:

Adjusted operating profit	613.0	650.0	661.0	11.0	48.0 (7.8%)
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- The forecast for adjusted operating profit at constant FX has been revised upwards by ¥11.0 billion, up 7.8% from the previous year, due to upward revision in the International Tobacco Business. The revenue forecast remains almost unchanged.
- The forecast for profit attributable to owners of the parent has been revised upwards by ¥31.0 billion due to higher gains from real estate asset disposals in addition to the positive revision in the International Tobacco Business.
- Please note that the revised forecast for FY2014 does not recognize the restructuring costs relating to JT's announcement of October 7, 2014 regarding the proposal to restructure manufacturing facilities in Europe, since its effects on our financial performance are yet to be confirmed. However, the restructuring costs will be provisioned by the end of current fiscal year.

Forecasts by Business Segment

- International Tobacco Business: The forecast for total shipment volume has been revised downwards by 8.0 billion to 397.0 billion after taking into account the performance from January to September. However, adjusted operating profit in US Dollars at constant FX is now forecast to be US\$4.69 billion, an increase of 11.5% versus the previous year, primarily driven by robust price/mix and continuous cost optimization initiatives.
- Japanese Domestic Tobacco Business: The forecast for total sales volume remains unchanged. Initiatives aimed at retaining consumers are expected to result in product mix improvement and, therefore, forecast for core revenue has been revised upwards by ¥2.0 billion. Due to further brand equity strengthening initiatives the Company maintains the original forecast for adjusted operating profit.



- **Pharmaceutical Business:** Due to higher royalty revenue as well as an increase in revenue of Torii Pharmaceutical, the forecast for revenue has been revised upwards by ¥2.0 billion to ¥65.0 billion. Expected higher revenue and the re-assessment of R&D expenses allowed to positively revise the forecast for adjusted operating profit by ¥3.5 billion to -¥9.5 billion.
- **Beverage Business:** The forecast for revenue has been revised downwards by ¥6.0 billion to ¥182.0 billion taking into account the underlying sales performance. Adjusted operating profit is forecast to remain unchanged mainly due to the efficient cost management.
- **Processed Food Business:** Given the underlying sales performance and higher raw materials costs due to the depreciation of the Japanese Yen, the forecasts for revenue and adjusted operating profit have been revised downwards by ¥4.0 billion to ¥161.0 billion and by ¥2.0 billion to ¥1.0 billion respectively.

Reference: Results for the January-September period in 2014

The figures below are intended solely for comparison purposes following the change in the company's financial year-end to December 31. They have been compiled using a simplified calculation method and have not been audited.

(billions of Yen)	Jan-Sep		Net Change
	2013	2014	
Revenue	1,748.5	1,806.9	3.3%

At constant FX:

Adjusted operating profit	472.1	524.3	11.1%
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The figures for Jan-Sep 2014:

- are a combination of FY2013 fourth quarter (Jan-Mar 2014) and FY2014 first and second quarter (Apr-Sep 2014) results
- exclude International Tobacco Business results for the corresponding period (Oct-Dec 2013, and Jan-Jun 2014)
- include preliminary International Tobacco Business results for Jan-Sep 2014 on a Japanese Yen basis

*Different calculation method to be used at the time of FY2014 full year results disclosure, as well as for FY2014 quarterly results used for comparison purposes at the time of FY2015 quarterly results disclosure.



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Japan Tobacco Inc. is a leading international tobacco product company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius and LD. With diversified operations, JT is also actively present in pharmaceuticals, beverages and processed foods. The company's revenue was ¥2.400 trillion (US\$23,318 million^()) in the fiscal year ended March 31, 2014.*

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

Notes:

¹ 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 Source: IRI, Logista, Nielsen and JTI estimates on a 12-month rolling average for cigarettes and fine cut at the end of June 2014.

³ Source: Nielsen estimates on a 12-month rolling average for cigarettes at the end of June 2014.

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

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

Results for FY2014 Second Quarter
(April 1, 2014 through September 30, 2014)

1. Summary of Business Performance (unit: JPY billion,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Revenue	1,159.1	1,174.4	+15.3	+1.3%
Operating profit	347.4	307.1	-40.3	-11.6%
Profit before income taxes	339.1	303.0	-36.1	-10.7%
Profit	241.1	223.1	-17.9	-7.4%
Profit (attributable to owners of parent company)	237.1	219.3	-17.8	-7.5%
Adjusted Operating profit* ¹	318.9	328.3	+9.4	+3.0%

(Reference)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange* ²	318.9	330.8	+11.9	+3.7%

*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: FY2013Q2-Actual
FY2014Q2- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2013

2. Breakdown of Revenue (unit: JPY billion,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Revenue	1,159.1	1,174.4	+15.3	+1.3%
Japanese domestic tobacco	352.3	329.7	-22.6	-6.4%
Core revenue* ¹	335.8	312.4	-23.3	-7.0%
International tobacco* ²	596.2	639.3	+43.0	+7.2%
Core revenue* ³	559.7	602.0	+42.4	+7.6%
Pharmaceutical	30.4	28.4	-2.0	-6.6%
Beverage	97.2	93.7	-3.5	-3.6%
Processed foods	75.8	77.0	+1.2	+1.6%
Others	7.1	6.4	-0.7	-10.3%

(Reference)

	2013 Jan-Jun	2014 Jan-Jun	Change	Rates of Change
International tobacco Core revenue* ³	5,840	5,876	+36	+0.6%
International tobacco Core revenue at constant rates of exchange* ^{3,4}	5,840	6,083	+243	+4.2%

*¹: Excluding revenue from the distribution business of imported tobacco
*²: International tobacco business: 6M ended Jun. 2013 and 6M ended Jun. 2014
*³: Includes revenue from waterpipe tobacco, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.
*⁴: 2013 Jan-Jun -Actual
2014 Jan-Jun -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as 2013

3. Adjusted Operating profit by business segment*¹ (unit: JPY billion,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Consolidated Operating profit	347.4	307.1	-40.3	-11.6%
Adjustment* ³	-28.5	21.2	+49.7	-
Adjusted Operating profit* ¹	318.9	328.3	+9.4	+3.0%
Japanese domestic tobacco Operating profit	132.2	110.4	-21.8	-16.5%
Adjustment* ³	-1.0	11.1	+12.1	-
Adjusted Operating profit* ¹	131.2	121.5	-9.7	-7.4%
International tobacco Operating profit* ²	186.7	201.7	+15.0	+8.0%
Adjustment* ^{2,3}	12.4	18.2	+5.8	+46.3%
Adjusted Operating profit* ^{1,2}	199.2	219.9	+20.7	+10.4%
Pharmaceutical Operating profit	-5.4	-6.4	-1.0	-
Adjustment* ³	-	-	-	-
Adjusted Operating profit* ¹	-5.4	-6.4	-1.0	-
Beverage Operating profit	-0.7	-0.1	+0.6	-
Adjustment* ³	-	-	-	-
Adjusted Operating profit* ¹	-0.7	-0.1	+0.6	-
Processed Foods Operating profit	-0.3	0.1	+0.4	-
Adjustment* ³	-0.1	-0.4	-0.3	-
Adjusted Operating profit* ¹	-0.4	-0.3	+0.1	-
Other/Elimination Operating profit	34.8	1.3	-33.5	-96.2%
Adjustment* ³	-39.7	-7.6	+32.1	-
Adjusted Operating profit* ¹	-4.9	-6.3	-1.4	-

(Reference)

	2013 Jan-Jun	2014 Jan-Jun	Change	Rates of Change
International tobacco Adjusted Operating profit* ¹	2,079	2,147	+68	+3.3%
International tobacco Adjusted Operating profit at constant rates of exchange* ^{1,4}	2,079	2,323	+244	+11.7%

(Reference) Depreciation and amortization

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Depreciation and amortization	65.2	68.5	+3.4	+5.1%
Japanese domestic tobacco	22.1	22.3	+0.2	+1.1%
International tobacco* ²	31.0	33.9	+2.9	+9.3%
Pharmaceutical	1.8	2.1	+0.4	+20.1%
Beverage	5.3	5.4	+0.2	+3.0%
Processed foods	3.4	3.2	-0.2	-5.7%
Others/Elimination	1.7	1.6	-0.1	-4.4%

*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: International tobacco business: 6M ended Jun. 2013 and 6M ended Jun. 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-Jun -Actual
2014 Jan-Jun -Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as 2013

4. Consolidated financial position data (unit: JPY billion)

	As of end of Mar. 2014	As of end of Sep. 2014	Change
Total Assets	4,616.8	4,367.2	-249.6
Total Equity	2,596.1	2,569.2	-26.9
Equity attributable to owners of the parent company	2,505.6	2,482.3	-23.3
BPS (attributable to owners of parent company) (yen)	1,378.57	1,365.76	-12.80

5. Liquidity* (unit: JPY billion)

	As of end of Mar. 2014	As of end of Sep. 2014	Change
Liquidity	259.3	178.1	-81.2

*: 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 Sep. 2014	Change
Interest-bearing debt	375.9	285.1	-90.8

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

7. Consolidated cash flows data (unit: JPY billion,%)

	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Cash flows from operating activities	23.2	204.4	+181.2	+780.5%
Cash flows from investing activities	7.8	-55.2	-63.0	-
Cash flows from financing activities	-40.3	-219.1	-178.7	-
Cash and cash equivalents, beginning of the year	142.7	253.2	+110.5	+77.4%
Foreign currency translation adjustments on cash and cash equivalents	6.9	-11.4	-18.2	-
Cash and cash equivalents, end of the year* ¹	140.3	171.9	+31.7	+22.6%
FCF* ²	12.4	147.8	+135.4	+1092.3%

*¹: Included in "Cash and cash equivalents" at the end of this quarter is ¥47.4 billion (IRR 14,494.3 billion) held by the Group's Iranian subsidiary, JTI Pans PIS 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 Q2	FY2014 Q2	Change	Rates of Change
Capital expenditures	60.4	64.3	+3.9	+6.5%
Japanese domestic tobacco	18.8	15.7	-3.1	-16.4%
International tobacco*	26.7	37.4	+10.7	+40.1%
Pharmaceutical	1.3	2.1	+0.8	+61.6%
Beverage	9.0	5.7	-3.3	-36.8%
Processed foods	2.0	1.6	-0.4	-18.5%
Other/Elimination and corporate	2.5	1.7	-0.8	-31.2%

*: International tobacco business: 6M ended Jun. 2013 and 6M ended Jun. 2014

9. Business data

(Japanese domestic tobacco business)	FY2013 Q2	FY2014 Q2	Change	Rates of Change
JT sales volume*	59.6	53.5	-6.1	-10.2%
Total demand	98.4	89.4	-9.0	-9.1%
JT market share	60.6%	59.9%	-0.7%pt	
JT net sales after tax per 1,000 cigarettes	5,485	5,675	+190	+3.5%

*: Sales volume of domestic duty-free and China business is excluded, which was 1.7 billion for FY2013Q2 and 1.7 billion for FY2014Q2, respectively.

(International tobacco business)	2013 Jan-Jun	2014 Jan-Jun	Change	Rates of Change
Total shipment volume*	202.0	190.6	-11.4	-5.6%
GFB shipment volume	128.1	123.0	-5.2	-4.0%
JPY/USD rate for consolidation	95.73	102.46	+6.73	+10.0%
RUB/USD rate for consolidation	31.03	34.98	+3.96	+13.1%
GBP/USD rate for consolidation	0.65	0.60	-0.05	+6.5%
EUR/USD rate for consolidation	0.76	0.73	-0.03	+3.8%
CHF/USD rate for consolidation	0.94	0.89	-0.05	+4.1%
TWD/USD rate for consolidation	29.66	30.19	+0.53	-2.6%

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

<Pharmaceutical business>	FY2013 Q2	FY2014 Q2	Change	Rates of Change
R&D expenses	15.5	14.0	-1.5	-9.5%

<Beverage business>	FY2013 Q2	FY2014 Q2	Change	Rates of Change
Sales of JT products	17.29	15.45	-1.84	-10.6%
Roots	8.39	7.38	-1.02	-12.1%

	As of end of Mar. 2014	As of end of Sep. 2014	Change
Number of beverage vending machines*	266,000	266,000	+0
JT-owned	44,000	44,000	+0
Combined	82,000	83,000	+1,000
Others	140,000	139,000	-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 Beverage but also sell non-JT brand Beverage.

2014 Forecasts
[Jan-Dec Like for Like basis]
(as of October 30, 2014)

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

-Based on the assumption that the fiscal year of the Company and all of its consolidated subsidiaries is 12 months from January to December, consolidated earnings forecasts for the year ending December 31, 2014 (on Jan-Dec Like for Like basis) will be as follows.

1. Summary of Business Performance

(unit: JPY billion,%)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Revenue	2,372.2	2,423.0	+50.8	+2.1%
Operating profit	643.3	586.0	-57.3	-8.9%
Profit(attributable to owners of the parent)	443.6	401.0	-42.6	-9.6%
Basic EPS(yen)* ¹	242.12	220.63	-21.49	-8.9%
Adjusted Operating profit* ²	613.0	645.0	+32.0	+5.2%

(参考)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange* ³	613.0	661.0	+48.0	+7.8%

*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 :FY2013-Actual

FY2014- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2013

2. Breakdown of Revenue

(unit: JPY billion,%)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Revenue	2,372.2	2,423.0	+50.8	+2.1%
Japanese domestic tobacco	690.5	683.0	-7.5	-1.1%
Core revenue* ¹	656.3	648.0	-8.3	-1.3%
International tobacco	1,270.0	1,321.0	+51.0	+4.0%
Core revenue* ²	1,200.7	1,253.0	+52.3	+4.4%
Pharmaceutical	58.2	65.0	+6.8	+11.8%
Beverage	183.8	182.0	-1.8	-1.0%
Processed Food	157.2	161.0	+3.8	+2.4%
Others	12.6	11.0	-1.6	-12.7%

(Reference)

(unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco				
Core revenue* ²	12,273	12,060	-213	-1.7%
International tobacco				
Core revenue at constant rates of exchange* ²⁺³	12,273	12,650	+377	+3.1%

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

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

*3 :2013-Actual

2014-at the same foreign exchange rates between local currency vs USD at 2013

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

(unit: JPY billion,%)

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
Consolidated Operating profit	643.3	586.0	-57.3	-8.9%
Japanese domestic tobacco	235.6	181.0	-54.6	-23.2%
International tobacco	376.4	405.0	+28.6	+7.6%
Pharmaceutical	-13.7	-9.5	+4.2	-
Beverage	-2.1	-1.5	+0.6	-
Processed Food	0.7	-2.5	-3.2	-
Other/Elimination	46.3	13.0	-33.3	-71.9%
Adjusted Operating profit* ¹	613.0	645.0	+32.0	+5.2%
Japanese domestic tobacco* ¹	234.6	234.5	-0.1	-0.0%
International tobacco* ¹	410.8	442.0	+31.2	+7.6%
Pharmaceutical* ¹	-13.7	-9.5	+4.2	-
Beverage* ¹	-2.1	-1.5	+0.6	-
Processed Food* ¹	0.6	1.0	+0.4	+34.1%
Other/Elimination* ¹	-17.3	-21.5	-4.2	-

(Reference)

(unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Adjusted Operating profit* ¹	4,206	4,260	+54	+1.3%
International tobacco Adjusted Operating profit at constant rates of exchange* ¹⁺²	4,206	4,690	+484	+11.5%

*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 :2013-Actual

2014-at the same foreign exchange rates between local currency vs USD at 2013

4. Business data

	2013 Jan-Dec basis	2014 Jan-Dec basis	Change	Rates of Change
[Japanese domestic tobacco business]				
JT sales volume* ¹	116.5	112.5	-4.0	-3.5%

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

	2013	2014	Change	Rates of Change
[International tobacco business]				
Total shipment volume* ¹	417.5	397.0	-20.5	-4.9%
GFB shipment volume	267.5	261.0	-6.5	-2.4%
JPY/USD rate for consolidation	97.73	104.00	+6.27	+6.0%
RUB/USD rate for consolidation	31.84	36.70	+4.86	+13.2%
GBP/USD rate for consolidation	0.64	0.60	-0.04	-6.6%
EUR/USD rate for consolidation	0.75	0.75	-0.00	0.4%
CHF/USD rate for consolidation	0.93	0.90	-0.03	-3.0%
TWD/USD rate for consolidation	29.68	30.10	+0.42	+1.4%

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

2014 Forecasts
[Reported basis]
(as of October 30, 2014)

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

1. Summary of Business Performance

(unit: JPY billion,%)

	FY2013	FY2014
Revenue	2,399.8	2,143.0
Operating profit	648.3	514.0
Profit(attributable to owners of the parent)	428.0	375.0
Basic EPS(yen) ^{*1}	235.48	206.32
Adjusted Operating profit ^{*2}	641.8	574.0
DPS(yen)	96.00	100.00
Payout ratio ^{*3}	40.8%	48.5%
ROE(attributable to owners of the parent) ^{*4}	19.9%	15.0%

*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

2. Breakdown of Revenue

(unit: JPY billion,%)

	FY2013	FY2014
Revenue	2,399.8	2,143.0
Japanese domestic tobacco	710.3	503.0
Core revenue ^{*1}	676.2	477.0
International tobacco ^{*2}	1,270.0	1,321.0
Core revenue ^{*3}	1,200.7	1,253.0
Pharmaceutical	64.4	47.0
Beverage	184.5	140.0
Processed Food	156.9	124.0
Others	13.6	9.0

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco	12,273	12,060	-213	-1.7%
Core revenue ^{*2+3}	12,273	12,060	-213	-1.7%
International tobacco	12,273	12,650	+377	+3.1%
Core revenue at constant rates of exchange ^{*2+3+4}	12,273	12,650	+377	+3.1%

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

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

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

*4 :2013-Actual

2014-at the same foreign exchange rates between local currency vs USD at 2013

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

(unit: JPY billion,%)

	FY2013	FY2014
Consolidated Operating profit	648.3	514.0
Japanese domestic tobacco	258.1	115.0
International tobacco ^{*2}	376.4	405.0
Pharmaceutical	-9.0	-9.0
Beverage	-2.1	-1.0
Processed Food	-0.2	-2.5
Other/Elimination	25.0	6.0
Adjusted Operating profit ^{*1}	641.8	574.0
Japanese domestic tobacco ^{*1}	257.7	168.0
International tobacco ^{*1+2}	410.8	442.0
Pharmaceutical ^{*1}	-9.0	-9.0
Beverage ^{*1}	-2.1	-1.0
Processed Food ^{*1}	0.6	1.0
Other/Elimination ^{*1}	-16.2	-27.0

(Reference) (unit: USD million,%)

	2013	2014	Change	Rates of Change
International tobacco Adjusted Operating profit ^{*1+2}	4,206	4,260	+54	+1.3%
International tobacco Adjusted Operating profit at constant rates of exchange ^{*1+2+3}	4,206	4,690	+484	+11.5%

*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: Year ended 2013 and year ending 2014

*3 :2013-Actual

2014-at the same foreign exchange rates between local currency vs USD at 2013

4. Consolidated cash flows data

(unit: JPY billion,%)

	FY2013	FY2014
FCF ⁺	212.6	424.0

* : FCF is total of cash flows from operating activities and investing activities excluding the following items;

Cash flows from interest and dividends received and its tax effect / interest paid and its tax effect in operating activities.

Cash flows from purchase of short-term investment securities, proceeds from sale and redemption of short-term investment securities, purchase of investment securities, proceeds from sale of investment securities, payments into time deposits, proceeds from withdrawal of time deposits and others in investing activities (those from purchase/sale of securities held for business operation are not included here).

5. Capital expenditures

(unit: JPY billion,%)

	FY2013	FY2014
Capital expenditures	156.2	144.0
Japanese domestic tobacco	49.1	35.0
International tobacco [*]	78.5	89.0
Pharmaceutical	3.9	3.0
Beverage	14.6	8.5
Processed Food	4.9	4.0
Other/Elimination and corporate	5.1	5.0

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

6. Business data

[Japanese domestic tobacco business]	FY2013	FY2014
JT sales volume [*]	120.1	82.0

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

[International tobacco business] ^{*1}	2013	2014	Change	Rates of Change
Total shipment volume ^{*2}	417.5	397.0	-20.5	-4.9%
GFB shipment volume	267.5	261.0	-6.5	-2.4%
JPY/USD rate for consolidation	97.73	104.00	+6.27	+6.0%
RUB/USD rate for consolidation	31.84	36.70	+4.86	+13.2%
GBP/USD rate for consolidation	0.64	0.60	-0.04	-6.6%
EUR/USD rate for consolidation	0.75	0.75	-0.00	0.4%
CHF/USD rate for consolidation	0.93	0.90	-0.03	-3.0%
TWD/USD rate for consolidation	29.68	30.10	+0.42	+1.4%

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

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

Forecasts for the FY2014
 [Jan-Dec Like for Like basis]
 Previous Forecast vs Revised Forecast
 (as of October 30, 2014)

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

1. Summary of Business Performance

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,430.0	2,423.0	-7.0	-0.3%
Operating profit	554.0	586.0	+32.0	+5.8%
Profit (attributable to owners of parent company)	370.0	401.0	+31.0	+8.4%
Basic EPS(yen) ^{*1}	203.57	220.63	+17.06	+8.4%
Adjusted Operating profit ^{*2}	623.0	645.0	+22.0	+3.5%
(Reference)				
	Previous Forecast	Revised Forecast	Change	Rates of Change
Adjusted Operating profit at constant rates of exchange ^{*3}	650.0	661.0	+11.0	+1.7%

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

*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 :FY2013-Actual

FY2014- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2013

4. Business data

[Japanese domestic tobacco business]	Previous Forecast	Revised Forecast	Change	Rates of Change
JT sales volume [*]	112.5	112.5	-	-

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

[International tobacco business]	Previous Forecast	Revised Forecast	Change	Rates of Change
Total shipment volume ^{*1}	405.0	397.0	-8.0	-2.0%
GFB shipment volume	263.0	261.0	-2.0	-0.8%
JPY/USD rate for consolidation	100.00	104.00	+4.00	+3.8%
RUB/USD rate for consolidation	36.00	36.70	+0.70	+1.9%
GBP/USD rate for consolidation	0.60	0.60	-	-
EUR/USD rate for consolidation	0.72	0.75	+0.03	+4.0%
CHF/USD rate for consolidation	0.88	0.90	+0.02	+2.2%
TWD/USD rate for consolidation	30.30	30.10	-0.20	+0.7%

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

2. Breakdown of Revenue

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,430.0	2,423.0	-7.0	-0.3%
Japanese domestic tobacco	681.0	683.0	+2.0	+0.3%
Core revenue ^{*1}	646.0	648.0	+2.0	+0.3%
International tobacco	1,319.0	1,321.0	+2.0	+0.2%
Core revenue ^{*2}	1,247.0	1,253.0	+6.0	+0.5%
Pharmaceutical	63.0	65.0	+2.0	+3.2%
Beverage	188.0	182.0	-6.0	-3.2%
Processed Food	165.0	161.0	-4.0	-2.4%
Others	12.5	11.0	-1.5	-12.0%

(Reference)

(unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco	12,400	12,060	-340	-2.7%
Core revenue ^{*2}	12,800	12,650	-150	-1.2%
Core revenue at constant rates of exchange ^{*2*3}				

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

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

*3 :2013-Actual

2014-at the same foreign exchange rates between local currency vs USD at 2013

3. OP & Adjusted Operating Profit by business segment^{*1}

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Consolidated Operating profit	554.0	586.0	+32.0	+5.8%
Japanese domestic tobacco	181.0	181.0	-	-
International tobacco	398.0	405.0	+7.0	+1.8%
Pharmaceutical	-13.0	-9.5	+3.5	-
Beverage	-1.5	-1.5	-	-
Processed Food	3.0	-2.5	-5.5	-
Other/Elimination	-14.5	13.0	+27.5	-
Adjusted Operating profit ^{*1}	623.0	645.0	+22.0	+3.5%
Japanese domestic tobacco ^{*1}	234.5	234.5	-	-
International tobacco ^{*1}	425.0	442.0	+17.0	+4.0%
Pharmaceutical ^{*1}	-13.0	-9.5	+3.5	-
Beverage ^{*1}	-1.5	-1.5	-	-
Processed Food ^{*1}	3.0	1.0	-2.0	-66.7%
Other/Elimination ^{*1}	-26.0	-21.5	+4.5	-

(Reference)

(unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Adjusted Operating profit ^{*1}	4,230	4,260	+30	+0.7%
International tobacco Adjusted Operating profit at constant rates of exchange ^{*1*2*}	4,630	4,690	+60	+1.3%

*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 :2013-Actual

2014-at the same foreign exchange rates between local currency vs USD at 2013

2014 Forecasts
[Reported basis]
Previous Forecast vs Revised Forecast
(as of October 30, 2014)

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

1. Summary of Business Performance

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,150.0	2,143.0	-7.0	-0.3%
Operating profit	482.0	514.0	+32.0	+6.6%
Profit (attributable to owners of the parent)	344.0	375.0	+31.0	+9.0%
Basic EPS(yen) ^{*1}	189.27	206.32	+17.06	+9.0%
Adjusted Operating profit ^{*2}	552.0	574.0	+22.0	+4.0%
DPS(yen)	100.00	100.00	+0.00	+0.0%
Payout ratio ^{*3}	52.8%	48.5%	+4.3ppt	
ROE(attributable to owners of the parent) ^{*4}	13.8%	15.0%	+1.3ppt	

*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

2. Breakdown of Revenue

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,150.0	2,143.0	-7.0	-0.3%
Japanese domestic tobacco	501.0	503.0	+2.0	+0.4%
Core revenue ^{*1}	475.0	477.0	+2.0	+0.4%
International tobacco ^{*2}	1,319.0	1,321.0	+2.0	+0.2%
Core revenue ^{*3}	1,247.0	1,253.0	+6.0	+0.5%
Pharmaceutical	45.0	47.0	+2.0	+4.4%
Beverage	146.0	140.0	-6.0	-4.1%
Processed Food	130.0	124.0	-6.0	-4.6%
Others	10.5	9.0	-1.5	-14.3%

(Reference)

(unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco	12,400	12,060	-340	-2.7%
Core revenue ^{*2*3}	12,400	12,060	-340	-2.7%
International tobacco	12,800	12,650	-150	-1.2%
Core revenue at constant rates of exchange ^{*2*3*4}	12,800	12,650	-150	-1.2%

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

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

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

*4 :2013-Actual

2014-at the same foreign exchange rates between local currency vs USD at 2013

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

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Consolidated Operating profit	482.0	514.0	+32.0	+6.6%
Japanese domestic tobacco	115.0	115.0	-	-
International tobacco ^{*2}	398.0	405.0	+7.0	+1.8%
Pharmaceutical	-12.5	-9.0	+3.5	-
Beverage	-1.0	-1.0	-	-
Processed Food	3.0	-2.5	-5.5	-
Other/Elimination	-21.5	6.0	+27.5	-
Adjusted Operating profit ^{*1}	552.0	574.0	+22.0	+4.0%
Japanese domestic tobacco ^{*1}	168.0	168.0	-	-
International tobacco ^{*1*2}	425.0	442.0	+17.0	+4.0%
Pharmaceutical ^{*1}	-12.5	-9.0	+3.5	-
Beverage ^{*1}	-1.0	-1.0	-	-
Processed Food ^{*1}	3.0	1.0	-2.0	-66.7%
Other/Elimination ^{*1}	-31.5	-27.0	+4.5	-

(Reference)

(unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Adjusted Operating profit ^{*1*2}	4,230	4,260	+30	+0.7%
International tobacco Adjusted Operating profit at constant rates of exchange ^{*1*2*3}	4,630	4,690	+60	+1.3%

*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: Year ended 2013 and year ending 2014

*3 :2013-Actual

2014-at the same foreign exchange rates between local currency vs USD at 2013

4.Consolidated cash flows data

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
FCF [*]	364.0	424.0	+60.0	+16.5%

* : 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,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Capital expenditures	154.0	144.0	-10.0	-6.5%
Japanese domestic tobacco	41.0	35.0	-6.0	-14.6%
International tobacco [*]	89.0	89.0	-	-
Pharmaceutical	3.0	3.0	-	-
Beverage	9.0	8.5	-0.5	-5.6%
Processed Food	6.0	4.0	-2.0	-33.3%
Other/Elimination and corporate	6.0	5.0	-1.0	-16.7%

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

6.Business data

[Japanese domestic tobacco business]	Previous Forecast	Revised Forecast	Change	Rates of Change
JT sales volume [*]	82.0	82.0	-	-

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

[International tobacco business] ^{*1}	Previous Forecast	Revised Forecast	Change	Rates of Change
Total shipment volume ^{*2}	405.0	397.0	-8.0	-2.0%
GFB shipment volume	263.0	261.0	-2.0	-0.8%
JPY/USD rate for consolidation	100.00	104.00	+4.00	+3.8%
RUB/USD rate for consolidation	36.00	36.70	+0.70	+1.9%
GBP/USD rate for consolidation	0.60	0.60	-	-
EUR/USD rate for consolidation	0.72	0.75	+0.03	+4.0%
CHF/USD rate for consolidation	0.88	0.90	+0.02	+2.2%
TWD/USD rate for consolidation	30.30	30.10	-0.20	+0.7%

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

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

Data of JT products in Japanese market

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

Japanese Domestic Tobacco Business Results

1. Quarterly Sales Volume (billions of cigarettes)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2013	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		

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		

* 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		

* 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		

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		

(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		

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		

(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		

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		

(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		

Japan Tobacco Inc. Clinical Development as of October 30, 2014

<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.	Phase3 (Japan) Global Study*	<u>New Single Tablet Regimen</u> 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	ROR γ antagonist	Suppresses overactive immune response via inhibition of ROR γ related to Th 17 activation.	Phase1(Overseas)	In-house
JTE-350** (histamine dihydrochloride)	Diagnostic product /Positive control solution in the skin prick test	Histamine receptor agonist	Induces wheal and flare as histamine reactions on the epidermis in the skin prick test.	Preparing to file (Japan)	In-license (ALK-Abelló) Co-development with Torii
JTT-251	Type 2 diabetes mellitus /Oral	PDHK inhibitor	Decreases blood glucose by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase1(Overseas)	In-house
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.

*Part of global study conducted by Gilead Sciences.

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

<Licensed compounds>

Compound	Licensee	Mechanism		Note
elvitegravir	Gilead Sciences	HIV Integrase inhibitor	Suppresses blood HIV levels by inhibiting the activity of integrase, an enzyme involved in the replication of HIV.	<u>New Single Tablet Regimen</u> (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide) Phase3
trametinib	GlaxoSmithKline	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK Kinase (MEK1/2).	<u>Metastatic melanoma, trametinib+dabrafenib</u> Phase3
Anti-ICOS monoclonal antibody	MedImmune	ICOS antagonist	Suppresses overactive immune response via inhibition of ICOS which regulates activation of T cells.	

Updates since the previous announcement on July 30, 2014:

<Licensed compounds>

- Elvitegravir has been approved by the U.S. Food and Drug Administration on September 24.