[This is an English translation of summarized consolidated financial results prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail. Please refer to the supplementary document "Consolidated Financial Results for FY2014 (April 1, 2014 through December 31, 2014)" and JT's website (http://www.jti.co.jp/) for other information.]

February 5, 2015

Consolidated Financial Results for the Fiscal Year Ended December 31, 2014 <under IFRS>

Name of the Listed Company: **JAPAN TOBACCO INC.** (Stock Code: 2914)
Listed Stock Exchange: Tokyo Stock Exchange
URL: http://www.jti.co.jp/
Representative: Mitsuomi Koizumi, President, Chief Executive Officer and Representative Director
Contact: Yuki Maeda, Senior Vice President and Chief Communications Officer
Telephone: +81-3-3582-3111
Scheduled date of Annual General Meeting of Shareholders: March 20, 2015
Scheduled date to file Securities Report: March 20, 2015
Scheduled starting date of the dividend payments: March 23, 2015
Drawing up supplementary documents on financial results: Yes
Holding investors' meeting: Yes (for analysts and institutional investors)

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit for the year	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2014	2,153,970	-	499,757	-	502,299	-	368,626	-
March 31, 2014	2,399,841	13.2	648,260	21.8	636,203	24.9	435,291	23.9

	Profit attributable to owners of the parent company		Comprehensive income for the year		Basic earnings per share	Diluted earnings per share
Year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2014	362,919	-	244,868	-	199.67	199.56
March 31, 2014	427,987	24.6	850,261	56.2	235.48	235.35

	Ratio of profit to equity attributable to owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
Year ended	%	%	%
December 31, 2014	14.4	10.8	23.2
March 31, 2014	19.9	15.0	27.0

Reference: Share of profit (loss) in investments accounted for using the equity method:
Fiscal year ended December 31, 2014: ¥7,812 million; Fiscal year ended March 31, 2014: ¥1,702 million

Notes: 1. The Company has changed its fiscal year end from March 31 to December 31. The same change has been made to consolidated subsidiaries with fiscal year ends other than December 31. Consequently, year-on-year changes are not presented.
2. The comparative information was retrospectively adjusted to reflect changes in accounting policies.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets	Equity attributable to owners of the parent company per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2014	4,704,706	2,622,503	2,536,838	53.9	1,395.74
March 31, 2014	4,616,766	2,596,091	2,505,610	54.3	1,378.57

Note: The comparative information was retrospectively adjusted to reflect changes in accounting policies.

(3) Consolidated cash flows

	Net cash flows from (used in) operating activities	Net cash flows from (used in) investing activities	Net cash flows from (used in) financing activities	Cash and cash equivalents at the end of the year
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2014	543,696	(49,110)	(388,859)	385,820
March 31, 2014	396,496	(163,473)	(145,189)	253,219

2. Cash dividends

	Annual dividends per share					Total amount of dividends (total)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent company (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2014	-	46.00	-	50.00	96.00	174,482	40.8	8.1
Year ended December 31, 2014	-	50.00	-	50.00	100.00	181,756	50.1	7.2
Year ending December 31, 2015 (Forecast)	-	54.00	-	54.00	108.00		50.7	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2015 (from January 1, 2015 to December 31, 2015)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending December 31, 2015	2,380,000	-	539,000	-	387,000	-	212.92

Notes: 1. The Company has changed its fiscal year end from March 31 to December 31. The same change has been made to consolidated subsidiaries with fiscal year ends other than December 31. Consequently, year-on-year changes are not presented.

Notes: 2. The Company decided to withdraw from manufacture and sale of JT beverage products in the Beverage business as announced in “Notice of Withdrawal from the Manufacture and Sale of JT Beverage Products” on February 4. Since the business impact and costs relating to the withdrawal have not been confirmed at present, the consolidated earnings forecasts for the fiscal year ending December 31, 2015 do not recognize the effects of the decision.

Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

With the aim of creating a flexible and competitive operational structure, TableMark Co., Ltd., which runs the Group's processed food business, conducted a company split with an effective date of April 1, 2014, in which TableMark Co., Ltd. is the company conducting business operations and TableMark Holdings Co., Ltd. is a pure holding company.

(2) Changes in accounting policies and changes in accounting estimates

a. Changes in accounting policies due to revisions in accounting standards under IFRS: Yes
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None

(3) Number of shares issued (common stock)

a. Total number of shares issued at the end of the period (including treasury shares)

As of December 31, 2014	2,000,000,000 shares
As of March 31, 2014	2,000,000,000 shares

b. Number of treasury shares at the end of the period

As of December 31, 2014	182,443,388 shares
As of March 31, 2014	182,451,988 shares

c. Average number of shares during the period

Fiscal year ended December 31, 2014	1,817,552,790 shares
Fiscal year ended March 31, 2014	1,817,507,281 shares

(Reference) Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended December 31, 2014 (from April 1, 2014 to December 31, 2014) <under Japanese GAAP>

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2014	572,323	-	157,712	-	159,746	-	108,656	-
March 31, 2014	809,967	3.7	230,245	10.1	230,900	9.7	168,779	12.7

	Net income per share	Diluted net income per share
Year ended	Yen	Yen
December 31, 2014	59.78	59.75
March 31, 2014	92.86	92.81

Note: The Company has changed its fiscal year end from March 31 to December 31. Consequently, year-on-year changes are not presented.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2014	2,729,270	1,649,151	60.4	906.45
March 31, 2014	2,732,637	1,734,379	63.4	953.45

Reference: Equity:
As of December 31, 2014: ¥1,647,520 million; As of March 31, 2014: ¥1,732,936 million

Note: Figures in the table of non-consolidated financial results above are prepared in accordance with Japanese GAAP.

* Indication regarding execution of audit procedures

At the time of disclosure of this financial results report, the audit procedures for financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of earnings forecasts, and other special matters

(1) The forward-looking statements, including forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions and suppositions deemed to be reasonable by the Company. Actual business and other results may differ substantially due to various factors. These forward-looking statements are not intended to be construed as our assurance for it to materialize in the future. Please refer to "FORWARD-LOOKING STATEMENTS" for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecasts.

(2) Please refer to JT's website (http://www.jti.co.jp/) for materials for investors' meeting.

FORWARD-LOOKING STATEMENTS

This material contains forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as “may”, “will”, “should”, “would”, “expect”, “intend”, “project”, “plan”, “aim”, “seek”, “target”, “anticipate”, “believe”, “estimate”, “predict”, “potential” or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating results are particularly subject to a variety of assumptions, some or all of which may not be realized.

Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

(1) decrease in demand for tobacco products in key markets;

(2) restrictions on promoting, marketing, packaging, labeling and usage of tobacco products in markets in which we operate;

(3) increases in excise, consumption or other taxes on tobacco products in markets in which we operate;

(4) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products.

(5) our ability to realize anticipated results of our acquisition or other similar investments;

(6) competition in markets in which we operate or into which we seek to expand;

(7) deterioration in economic conditions in areas that matter to us;

(8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;

(9) fluctuations in foreign exchange rates and the costs of raw materials; and

(10) catastrophes, including natural disasters.

Consolidated financial statements (IFRS)

(1) Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2014 Restated*	As of December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	253,219	385,820
Trade and other receivables	440,210	448,402
Inventories	550,987	587,849
Other financial assets	17,333	43,907
Other current assets	226,012	230,530
Subtotal	1,487,761	1,696,507
Non-current assets held-for-sale	1,952	367
Total current assets	1,489,713	1,696,874
Non-current assets		
Property, plant and equipment	779,987	756,127
Goodwill	1,584,432	1,539,376
Intangible assets	385,101	364,912
Investment property	61,421	17,870
Retirement benefit assets	16,530	35,402
Investments accounted for using the equity method	106,107	76,825
Other financial assets	92,596	91,959
Deferred tax assets	100,880	125,361
Total non-current assets	3,127,053	3,007,832
Total assets	4,616,766	4,704,706

(Millions of yen)

	As of March 31, 2014 Restated*	As of December 31, 2014
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	360,025	419,764
Bonds and borrowings	195,562	107,562
Income tax payables	77,158	54,942
Other financial liabilities	9,491	14,463
Provisions	7,362	9,200
Other current liabilities	606,161	754,169
Subtotal	1,255,759	1,360,098
Liabilities directly associated with non-current assets held-for-sale	75	–
Total current liabilities	1,255,834	1,360,098
Non-current liabilities		
Bonds and borrowings	166,165	101,001
Other financial liabilities	17,731	18,617
Retirement benefit liabilities	340,462	351,915
Provisions	5,241	25,425
Other non-current liabilities	126,539	121,792
Deferred tax liabilities	108,703	103,356
Total non-current liabilities	764,842	722,106
Total liabilities	2,020,675	2,082,204
Equity		
Share capital	100,000	100,000
Capital surplus	736,400	736,400
Treasury shares	(344,463)	(344,447)
Other components of equity	251,107	142,425
Retained earnings	1,762,566	1,902,460
Equity attributable to owners of the parent company	2,505,610	2,536,838
Non-controlling interests	90,481	85,665
Total equity	2,596,091	2,622,503
Total liabilities and equity	4,616,766	4,704,706

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Revenue	2,399,841	2,153,970
Cost of sales	(979,975)	(886,267)
Gross profit	1,419,866	1,267,703
Other operating income	55,634	47,651
Share of profit in investments accounted for using the equity method	1,702	7,812
Selling, general and administrative expenses	(828,942)	(823,410)
Operating profit	648,260	499,757
Financial income	8,351	13,847
Financial costs	(20,408)	(11,304)
Profit before income taxes	636,203	502,299
Income taxes	(200,912)	(133,673)
Profit for the year	435,291	368,626
Attributable to:		
Owners of the parent company	427,987	362,919
Non-controlling interests	7,304	5,708
Profit for the year	435,291	368,626
Earnings per share		
Basic (Yen)	235.48	199.67
Diluted (Yen)	235.35	199.56

Reconciliation from “Operating profit” to “Adjusted operating profit”

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Operating profit	648,260	499,757
Amortization cost of acquired intangibles	25,984	29,465
Adjustment items (income)	(47,047)	(44,302)
Adjustment items (costs)	14,580	103,641
Adjusted operating profit	641,777	588,561

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Profit for the year	435,291	368,626
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	4,725	3,725
Remeasurements of defined benefit plans	8,824	(14,164)
Total of items that will not be reclassified to profit or loss	13,549	(10,439)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	400,941	(114,242)
Net gain (loss) on derivatives designated as cash flow hedges	481	922
Total of items that may be reclassified subsequently to profit or loss	401,421	(113,319)
Other comprehensive income (loss), net of taxes	414,970	(123,759)
Comprehensive income (loss) for the year	850,261	244,868
Attributable to:		
Owners of the parent company	842,867	240,363
Non-controlling interests	7,394	4,505
Comprehensive income (loss) for the year	850,261	244,868

(3) Consolidated statement of changes in equity

(Millions of yen)

	Equity attributable to owners of the parent company						
				Other components of equity			
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income
As of April 1, 2013	100,000	736,411	(344,573)	1,274	(171,341)	(187)	14,835
Profit for the year	–	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	401,331	481	4,663
Comprehensive income (loss) for the year	–	–	–	–	401,331	481	4,663
Acquisition of treasury shares	–	–	(0)	–	–	–	–
Disposal of treasury shares	–	(11)	110	(81)	–	–	–
Share-based payments	–	–	–	251	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in the ownership interest in a subsidiary without a loss of control	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(118)
Other increase (decrease)	–	–	–	–	–	–	–
Total transactions with the owners	–	(11)	110	169	–	–	(118)
As of March 31, 2014	100,000	736,400	(344,463)	1,443	229,990	293	19,380
Profit for the year	–	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	(112,972)	922	3,753
Comprehensive income (loss) for the year	–	–	–	–	(112,972)	922	3,753
Acquisition of treasury shares	–	–	–	–	–	–	–
Disposal of treasury shares	–	–	16	(14)	–	–	–
Share-based payments	–	–	–	202	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in the ownership interest in a subsidiary without a loss of control	–	–	–	–	(597)	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	23
Other increase (decrease)	–	–	–	–	–	–	–
Total transactions with the owners	–	–	16	188	(597)	–	23
As of December 31, 2014	100,000	736,400	(344,447)	1,631	116,421	1,215	23,156

(Millions of yen)

	Equity attributable to owners of the parent company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total		
	Remeasurements of defined benefit plans	Total				
As of April 1, 2013	–	(155,420)	1,470,125	1,806,543	85,887	1,892,431
Profit for the year	–	–	427,987	427,987	7,304	435,291
Other comprehensive income (loss)	8,405	414,880	–	414,880	90	414,970
Comprehensive income (loss) for the year	8,405	414,880	427,987	842,867	7,394	850,261
Acquisition of treasury shares	–	–	–	(0)	–	(0)
Disposal of treasury shares	–	(81)	(18)	0	–	0
Share-based payments	–	251	–	251	–	251
Dividends	–	–	(152,669)	(152,669)	(3,179)	(155,849)
Changes in the ownership interest in a subsidiary without a loss of control	–	–	(1,011)	(1,011)	(2,509)	(3,520)
Transfer from other components of equity to retained earnings	(8,405)	(8,523)	8,523	–	–	–
Other increase (decrease)	–	–	9,629	9,629	2,888	12,517
Total transactions with the owners	(8,405)	(8,353)	(135,546)	(143,800)	(2,801)	(146,601)
As of March 31, 2014	–	251,107	1,762,566	2,505,610	90,481	2,596,091
Profit for the year	–	–	362,919	362,919	5,708	368,626
Other comprehensive income (loss)	(14,259)	(122,556)	–	(122,556)	(1,203)	(123,759)
Comprehensive income (loss) for the year	(14,259)	(122,556)	362,919	240,363	4,505	244,868
Acquisition of treasury shares	–	–	–	–	–	–
Disposal of treasury shares	–	(14)	(3)	0	–	0
Share-based payments	–	202	–	202	–	202
Dividends	–	–	(181,755)	(181,755)	(2,736)	(184,491)
Changes in the ownership interest in a subsidiary without a loss of control	–	(597)	(26,985)	(27,581)	(7,623)	(35,204)
Transfer from other components of equity to retained earnings	14,259	14,282	(14,282)	–	–	–
Other increase (decrease)	–	–	–	–	1,039	1,039
Total transactions with the owners	14,259	13,874	(223,025)	(209,135)	(9,321)	(218,455)
As of December 31, 2014	–	142,425	1,902,460	2,536,838	85,665	2,622,503

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2014 Restated*	Fiscal year ended December 31, 2014
Cash flows from operating activities		
Profit before income taxes	636,203	502,299
Depreciation and amortization	132,921	122,171
Impairment losses	2,446	21,877
Impairment losses of investments in associates	9,717	–
Interest and dividend income	(7,933)	(13,560)
Interest expense	8,612	4,651
Share of profit in investments accounted for using the equity method	(1,702)	(7,812)
(Gains) losses on sale and disposal of property, plant and equipment, intangible assets, and investment property	(38,800)	(31,315)
(Increase) decrease in trade and other receivables	(13,631)	(12,130)
(Increase) decrease in inventories	(15,530)	(16,808)
Increase (decrease) in trade and other payables	11,055	83,885
Increase (decrease) in retirement benefit liabilities	(17,661)	(25,736)
(Increase) decrease in prepaid tobacco excise taxes	(14,274)	(23,963)
Increase (decrease) in tobacco excise tax payables	(103,515)	103,651
Increase (decrease) in consumption tax payables	(5,148)	37,550
Other	(2,013)	(37,055)
Subtotal	580,748	707,703
Interest and dividends received	9,514	22,569
Interest paid	(8,469)	(7,050)
Income taxes paid	(185,298)	(179,526)
Net cash flows from operating activities	396,496	543,696
Cash flows from investing activities		
Purchase of securities	(8,880)	(3,280)
Proceeds from sale and redemption of securities	23,716	4,769
Purchase of property, plant and equipment	(132,256)	(106,655)
Proceeds from sale of investment property	56,159	85,653
Purchase of intangible assets	(18,263)	(7,749)
Payments into time deposits	(798)	(852)
Proceeds from withdrawal of time deposits	4,744	778
Purchase of investments in subsidiaries	–	(20,977)
Purchase of investments in associates	(74,801)	–
Other	(13,095)	(800)
Net cash flows from investing activities	(163,473)	(49,110)

(Millions of yen)

	Fiscal year ended March 31, 2014 Restated*	Fiscal year ended December 31, 2014
Cash flows from financing activities		
Dividends paid to owners of the parent company	(152,570)	(181,635)
Dividends paid to non-controlling interests	(3,195)	(2,663)
Capital contribution from non-controlling interests	59	44
Increase (decrease) in short-term borrowings and commercial paper	(8,936)	6,373
Proceeds from long-term borrowings	70	–
Repayments of long-term borrowings	(20,558)	(1,225)
Proceeds from issuance of bonds	49,395	–
Redemption of bonds	–	(170,670)
Repayments of finance lease obligations	(4,992)	(3,837)
Acquisition of treasury shares	(0)	–
Payments for acquisition of interests in subsidiaries from non-controlling interests	(4,462)	(35,246)
Other	0	0
Net cash flows from financing activities	(145,189)	(388,859)
Net increase (decrease) in cash and cash equivalents	87,834	105,727
Cash and cash equivalents at the beginning of the year	142,713	253,219
Effect of exchange rate changes on cash and cash equivalents	22,672	26,874
Cash and cash equivalents at the end of the year	253,219	385,820

(5) Notes on premise of going concern

No items to report.

(Segment information)

a. Outline of reportable segments

The reportable segments of the Group are determined based on the operating segments that are components of the Group about which separate financial information is available and are evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Group is mainly engaged in the manufacture and sale of tobacco products, prescription drugs, beverages and processed foods. With respect to tobacco products, operations are managed separately for domestic and overseas markets. The reportable segments of the Group are composed of five segments: "Domestic Tobacco Business," "International Tobacco Business," "Pharmaceutical Business," "Beverage Business" and "Processed Food Business." They are determined by types of products, characteristics, and markets.

The "Domestic Tobacco Business" manufactures and sells tobacco products in domestic areas (which include duty-free shops in Japan and markets in China, Hong Kong, and Macau where the Company's China Division operates). The "International Tobacco Business" manufactures and sells tobacco products overseas mainly through JT International S.A., which controls manufacturing and sales operations. The "Pharmaceutical Business" consists of research and development, and the manufacture and sale of prescription drugs. The "Beverage Business" consists of the manufacture and sale of beverages. The "Processed Food Business" consists of the manufacture and sale of frozen and room-temperature processed foods, bakery products, and seasonings.

b. Revenues and performances for reportable segments
Revenues and performances for reportable segments are as follows. The Board of Directors assesses the segment performance and determines resource allocation after reviewing revenues and adjusted operating profit. Since financial income, financial costs and income taxes are managed by the Group head office, these income and expenses are excluded from the segment performance. Transactions within the segments are based on mainly the prevailing market price.

For the fiscal year ended March 31, 2014

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Revenue									
External revenue (Note 4)	710,299	1,270,020	64,448	184,506	156,920	2,386,194	13,648	–	2,399,841
Intersegment revenue	23,770	36,902	–	100	760	61,532	10,014	(71,546)	–
Total revenue	734,069	1,306,922	64,448	184,607	157,680	2,447,725	23,662	(71,546)	2,399,841
Segment profit (loss)									
Adjusted operating profit (Note 1)	257,687	410,847	(9,008)	(2,097)	563	657,993	(16,277)	61	641,777
Other items									
Depreciation and amortization	44,411	63,745	3,624	10,761	6,903	129,444	3,787	(310)	132,921
Impairment losses on other than financial assets	427	1,746	–	–	29	2,202	244	–	2,446
Reversal of impairment losses on other than financial assets	–	157	–	–	–	157	–	–	157
Share of profit (loss) in investments accounted for using the equity method	47	1,613	–	–	(2)	1,657	44	–	1,702
Capital expenditures	49,101	78,527	3,859	14,643	4,900	151,029	5,129	–	156,158

For the fiscal year ended December 31, 2014

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Revenue									
External revenue (Note 4)	505,602	1,328,005	47,555	139,519	122,919	2,143,600	10,370	–	2,153,970
Intersegment revenue	13,899	39,445	–	63	454	53,861	7,784	(61,645)	–
Total revenue	519,501	1,367,450	47,555	139,582	123,373	2,197,461	18,154	(61,645)	2,153,970
Segment profit (loss)									
Adjusted operating profit (Note 1)	172,235	447,053	(6,914)	153	1,259	613,786	(25,266)	41	588,561
Other items									
Depreciation and amortization	33,475	69,940	3,283	8,182	5,135	120,016	2,383	(228)	122,171
Impairment losses on other than financial assets	4,926	16,842	–	–	110	21,877	–	–	21,877
Reversal of impairment losses on other than financial assets	–	33	–	–	–	33	–	–	33
Share of profit (loss) in investments accounted for using the equity method	114	7,671	–	–	(26)	7,758	54	–	7,812
Capital expenditures	27,915	74,244	2,856	8,321	3,615	116,951	3,818	–	120,769

Reconciliation from “Adjusted operating profit” to “Profit before income taxes”

For the fiscal year ended March 31, 2014

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Adjusted operating profit (Note 1)	257,687	410,847	(9,008)	(2,097)	563	657,993	(16,277)	61	641,777
Amortization cost of acquired intangibles	–	(25,984)	–	–	–	(25,984)	–	–	(25,984)
Adjustment items (income) (Note 5)	1,122	3,031	–	–	244	4,397	42,650	–	47,047
Adjustment items (costs) (Note 5)	(712)	(11,477)	–	–	(1,002)	(13,191)	(1,389)	–	(14,580)
Operating profit (loss)	258,098	376,416	(9,008)	(2,097)	(195)	623,215	24,984	61	648,260
Financial income									8,351
Financial costs									(20,408)
Profit before income taxes									636,203

For the fiscal year ended December 31, 2014

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Adjusted operating profit (Note 1)	172,235	447,053	(6,914)	153	1,259	613,786	(25,266)	41	588,561
Amortization cost of acquired intangibles	–	(29,465)	–	–	–	(29,465)	–	–	(29,465)
Adjustment items (income) (Note 5)	76	4,221	–	–	3	4,300	40,002	–	44,302
Adjustment items (costs) (Note 5)	(56,680)	(42,351)	–	–	(2,215)	(101,246)	(2,395)	–	(103,641)
Operating profit (loss)	115,631	379,458	(6,914)	153	(953)	487,375	12,341	41	499,757
Financial income									13,847
Financial costs									(11,304)
Profit before income taxes									502,299

Notes: 1. For adjusted operating profit, amortization cost of acquired intangibles, and adjustment items (income and costs) are excluded from operating profit (loss).

In addition, the key performance indicator of the Group has changed from “Adjusted EBITDA” to “Adjusted operating profit” since the first quarter of the fiscal year ended December 31, 2014. Accordingly, the segment information of the fiscal year ended March 31, 2014 was retrospectively adjusted.

2. The foreign subsidiaries group, which includes a core company of JT International S.A., that is part of the “International Tobacco Business” segment has December 31 as its fiscal year end date already and the profit or loss for the period from January 1 to December 31 is included in the fiscal years ended March 31, 2013 and the fiscal year ended December 31, 2014, respectively.
3. “Other” includes business activities relating to rent of real estate and corporate expenses relating to corporate communication and operation of the head office.

4. Core revenue as part of the “Domestic Tobacco Business” and the “International Tobacco Business” is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Domestic Tobacco	676,171	478,692
International Tobacco	1,200,694	1,258,176

5. Adjustment items (income) include restructuring income of gain on sale of real estates. Adjustment items (costs) include restructuring costs of the closing down of the factory, and impairment losses of investments in associates.
The breakdown of adjustment items (costs) is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Restructuring costs	4,862	100,405
Impairment losses of investments in associates	9,717	–
Other	–	3,236
Adjustment items (costs)	14,580	103,641

Restructuring costs for the fiscal year ended December 31, 2014 mainly relate to costs of measures to strengthen the competitiveness of the “Domestic Tobacco Business” and restructuring of manufacturing facilities in Europe in the “International Tobacco Business.”

c. Geographic information

The regional breakdown of non-current assets and external revenue as of each fiscal year end is as follows.

Non-current assets

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Japan	587,768	522,920
Overseas	2,223,173	2,155,365
Consolidated	2,810,941	2,678,285

Note: Non-current assets, exclusive of financial instruments, deferred tax assets and retirement benefits assets, are segmented by the location of the assets.

External revenue

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Japan	1,100,874	801,752
Overseas	1,298,967	1,352,218
Consolidated	2,399,841	2,153,970

Note: Revenue is segmented by the sales destination.

d. Major customers information

The “International Tobacco Business” of the Group sells products to Megapolis group that engages in distribution and wholesale business in Russia and other countries. The external revenue from the group is ¥357,980 million (14.9% of consolidated revenue) for the fiscal year ended March 31, 2014 and ¥335,446 million (15.6% of consolidated revenue) for the fiscal year ended December 31, 2014.

(Per share information)

(1) Basis of calculating basic earnings per share

a. Profit attributable to ordinary shareholders of the parent company

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Profit attributable to owners of the parent company	427,987	362,919
Profit not attributable to ordinary shareholders of the parent company	–	–
Profit used for calculation of basic earnings per share	427,987	362,919

b. Weighted-average number of ordinary shares outstanding during the year

(Thousands of shares)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Weighted-average number of ordinary shares during the year	1,817,507	1,817,553

(2) Basis of calculating diluted earnings per share

a. Profit attributable to diluted ordinary shareholders

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Profit used for calculation of basic earnings per share	427,987	362,919
Profit adjustment	–	–
Profit used for calculation of diluted earnings per share	427,987	362,919

b. Weighted-average number of diluted ordinary shares outstanding during the year

(Thousands of shares)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Weighted-average number of ordinary shares during the year	1,817,507	1,817,553
Increased number of ordinary shares under subscription rights to shares	1,014	1,048
Weighted-average number of diluted ordinary shares during the year	1,818,521	1,818,601

(3) Adjusted diluted earnings per share

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended December 31, 2014
Profit used for calculation of adjusted diluted earnings per share	427,987	362,919
Adjustment items (income)	(47,047)	(44,302)
Adjustment items (costs)	14,580	103,641
Adjustments on income tax expense and non-controlling interests in relation to the above	11,856	(13,534)
Adjusted profit for the year	407,377	408,724
Adjusted diluted earnings per share (Yen)	224.02	224.75

(Significant events after the reporting period)

(1) Legal Matter

Subsequent to December 31, 2014, the following health-care cost recovery litigation was filed.

Canada Nova Scotia Health-Care Cost Recovery Litigation:
This health-care cost recovery litigation was filed by the Province of Nova Scotia in January 2nd 2015 against tobacco industry members including JTI-Macdonald Corp. and the Company's indemnitees. The Province of Nova Scotia is seeking to recoup the health-care costs the province has incurred and will incur, resulting from "tobacco related wrongs." The claim amount is unspecified. The pre-trial process is ongoing. A trial date is not yet scheduled.

(2) Withdrawal from the Manufacture and Sale of JT Beverage Products

JT decided by resolution at a meeting of the Board of Directors held on February 4, 2015, to withdraw from manufacture and sale of JT beverage products in the Beverage business. The manufacture and sale of JT beverage products conducted by JT's beverage business division and JT Beverage Inc. is expected to be discontinued by the end of September 2015.The impact of the decision on the consolidated financial statements for fiscal year ending December 31, 2015, has not been confirmed at present.

(3) Acquisition of own shares

As a supplemental measure for the adjusted EPS growth at constant FX in the mid- to long-term in the framework of shareholder return, JT's Board of Directors made a resolution on February 5, 2015 for JT to acquire its own shares according to the particulars stated below pursuant to the provision of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the Act's provision of Article 165, paragraph 3.

a. Class of shares to be acquired

Common stock

b. Number of shares to be acquired

Up to 36,000,000 shares

c. Total payment amount to acquire shares

Up to ¥100,000 million

d. Period of share acquisition

From February 9, 2015 to June 9, 2015

e. Method of acquisition

Purchase on the stock exchange via a trust bank