

JAPAN TOBACCO INC.

(Unit : JPY Million)

| | FY3/05 | FY3/06 | FY3/07 | FY3/08 | FY3/09 | FY3/10 | FY3/11 |
|---|---------|----------|---------|----------|----------|----------|----------|
| Net cash provided by (used in) operating activities | | | | | | | |
| Income before income taxes and minority interests | 101,333 | 300,993 | 337,195 | 372,614 | 262,143 | 276,054 | 280,497 |
| Depreciation and amortization | 125,861 | 124,854 | 130,105 | 167,658 | 176,899 | 132,770 | 121,648 |
| Impairment loss | 181 | 11,438 | 2,712 | 3,825 | 16,364 | 6,042 | 5,297 |
| Amortization of goodwill | 882 | 1,590 | 2,537 | 3,883 | 105,470 | 97,394 | 91,089 |
| Increase (decrease) in provision for retirement benefits (Decrease when denoted negative) | -95,977 | -6,591 | -21,163 | -4,932 | -13,159 | -8,034 | -10,219 |
| Interest and dividends income | -3,315 | -5,909 | -12,103 | -13,410 | -12,276 | -6,982 | -3,027 |
| Interest expenses | 5,147 | 5,775 | 6,939 | 41,758 | 51,356 | 26,111 | 17,059 |
| Equity in (earnings) losses of affiliates | - | - | - | - | - | - | -2,329 |
| Loss (gain) on sales and retirement of noncurrent assets (Profit when denoted negative) | -62,938 | -30,018 | -39,284 | -60,768 | -41,499 | -24,236 | -6,227 |
| Loss (gain) on sales of investment securities | - | - | - | - | - | - | -4,113 |
| Loss (gain) on valuation of investment securities | - | - | - | 11,154 | 7,062 | 1,436 | - |
| Regulatory fine in Canada | - | - | - | - | - | - | 12,843 |
| Decrease (increase) in notes and accounts receivable-trade (Increase when denoted negative) | -4,422 | 765 | -9,476 | 47,484 | -43,141 | 5,702 | -29,890 |
| Decrease (Increase) in inventories (Increase when denoted negative) | 16,995 | 44,091 | -6,171 | 27,114 | -47,632 | -79,456 | -2,452 |
| Increase (decrease) in notes and accounts payable-trade (Decrease when denoted negative) | 4,596 | 20,260 | -12,877 | -16,650 | 2,698 | -12,820 | 28,970 |
| Increase (decrease) in accounts payable-other (Decrease when denoted negative) | 141,778 | -125,688 | -22,087 | -39,955 | -7,939 | 14,905 | -7,160 |
| Increase (decrease) in tobacco excise taxes payable (Decrease when denoted negative) | -10,735 | -13,972 | 160,020 | -213,133 | 28,981 | 30,842 | 27,627 |
| Increase (decrease) in accrued consumption taxes | - | - | - | - | - | - | 14,952 |
| Increase (decrease) of long-term guarantee deposits received (Decrease when denoted negative) | -26,224 | 630 | - | - | - | - | - |
| Increase (decrease) of long-term accounts payable-other (Decrease when denoted negative) | 122,244 | -87,376 | -43,141 | - | - | - | - |
| Other, net | 10,848 | -31,682 | 14,359 | -31,029 | -55,237 | -497 | 13,902 |
| Subtotal | 326,255 | 209,158 | 487,566 | 295,612 | 430,091 | 459,229 | 548,467 |
| Interest and dividends income received | 3,403 | 5,910 | 12,071 | 18,226 | 15,551 | 7,090 | 5,052 |
| Interest expenses paid | -5,781 | -5,712 | -6,493 | -36,083 | -55,957 | -29,956 | -18,658 |
| Payment for regulatory fine in Canada | - | - | - | - | - | - | -12,843 |
| Income taxes paid | -73,037 | -59,014 | -57,185 | -132,724 | -114,414 | -116,338 | -122,379 |
| Net cash provided by (used in) operating activities | 250,839 | 150,342 | 435,958 | 145,030 | 275,271 | 320,024 | 399,638 |

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|--|----------|----------|-----------|------------|----------|----------|----------|
| Net cash provided by (used in) investing activities | | | | | | | |
| Purchase of short-term investment securities | -56,679 | -145,933 | -330,715 | -2,353 | -1,360 | -3,999 | -30,076 |
| Proceeds from sales and redemption of short-term investment securities | 199,180 | 121,700 | 386,189 | 4,224 | 1,861 | 2,470 | 15,870 |
| Purchase of property, plant and equipment | -71,996 | -82,850 | -96,717 | -124,832 | -112,408 | -121,459 | -131,242 |
| Proceeds from sales of property, plant and equipment | 39,448 | 82,146 | 57,093 | 83,335 | 55,255 | 44,057 | 18,814 |
| Proceeds from sales of beneficial interest in real estate trust | 65,108 | - | - | - | - | - | - |
| Purchase of intangible assets | -7,963 | -8,966 | -7,927 | -6,830 | -6,948 | -6,639 | -6,491 |
| Purchase of investment securities | -7,671 | -2,733 | -158,385 | -22,562 | -404 | - | - |
| Proceeds from sales and redemption of investment securities | 3,063 | 4,341 | 5,345 | - | - | - | 20,617 |
| Payments into time deposits | -879 | - | - | - | - | - | -25,298 |
| Proceeds from withdrawal of time deposits | 23,232 | 417 | - | - | - | - | 21,169 |
| Purchase of investments in subsidiaries | - | - | - | - | - | - | - |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | - | -1,400 | -4,085 | -1,608,080 | -3,060 | -9,975 | - |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | 1,282 | - | - | 1,449 | 107 | - | -646 |
| Payments for sales of investments in subsidiaries resulting in change in scope of consolidation | - | -143 | -387 | - | - | - | - |
| Other, net | -9,211 | 7,063 | -101 | 7,015 | 1,949 | 11,487 | -2,121 |
| Net cash provided by (used in) investing activities | 176,914 | -26,357 | -149,692 | -1,668,634 | -65,008 | -84,057 | -119,406 |
| Net cash provided by (used in) financing activities | | | | | | | |
| Net increase (decrease) in short-term loans payable (Decrease when denoted negative) | 4,935 | 1,552 | 18,571 | 136,063 | -125,182 | 93,443 | -172,082 |
| Proceeds from long-term loans payable | 237 | - | - | 378,862 | 94,130 | 1,712 | 62,946 |
| Repayments of long-term loans payable | -25,135 | -19,473 | -19,840 | -90,198 | -54,662 | -191,041 | -23,206 |
| Proceeds from issuance of bonds | - | - | - | 149,723 | - | 100,304 | 79,793 |
| Redemption of bonds | -122,000 | - | - | -10,000 | -70,810 | -191,928 | -50,300 |
| Purchase of treasury stock | -39,999 | - | - | - | - | - | -19,999 |
| Cash dividends paid | -19,542 | -28,740 | -34,488 | -42,152 | -49,752 | -53,642 | -55,558 |
| Proceeds from stock issuance to minority shareholders | - | - | 4,927 | - | - | 190 | 584 |
| Cash dividends paid to minority shareholders | -1,826 | -1,467 | -1,474 | -2,889 | -3,539 | -3,680 | -1,665 |
| Repayments of finance lease obligations | - | - | - | - | -6,606 | -5,755 | -5,461 |
| Other, net | 1,134 | -5 | -330 | -407 | -1,046 | 0 | 0 |
| Net cash provided by (used in) financing activities | -202,195 | -48,134 | -32,634 | 519,000 | -217,470 | -250,398 | -184,950 |
| Effect of exchange rate change on cash and cash equivalents | 1,867 | 15,204 | 5,749 | 40,090 | -39,590 | 1,542 | -5,604 |
| Net increase (decrease) in cash and cash equivalents | 227,426 | 91,054 | 259,380 | -964,513 | -46,797 | -12,888 | 89,676 |
| Cash and cash equivalents at beginning of period | 601,661 | 829,087 | 920,141 | 1,179,522 | 215,008 | 167,257 | 154,368 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | - | - | - | - | - | - | 194 |
| Decrease in cash and cash equivalents resulting from | - | - | - | - | -953 | - | - |
| Cash and cash equivalents at end of period | 829,087 | 920,141 | 1,179,522 | 215,008 | 167,257 | 154,368 | 244,240 |