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FOR IMMEDIATE RELEASE

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JT's Consolidated Financial Results for FY2013 Third Quarter

- **With steady progress towards the full year forecast, revenue and profit increased, driven by strong price/mix in the International Tobacco Business, market share growth in the Japanese Domestic Tobacco Business and the depreciation of the Japanese Yen.**
- **Full year forecasts for revenue and profit revised upwards, due to the further depreciation of the Japanese Yen. Adjusted EBITDA forecast at constant FX remains unchanged, to grow 6.1% from the previous year.**

Results for the 9 months

- **Revenue** and **adjusted EBITDA** increased 10.7% and 16.1% respectively driven by strong price/mix in the International Tobacco Business and the depreciation of the Japanese Yen against the US dollar. **Adjusted EBITDA at constant FX** increased 2.2%. **Profit attributable to owners of the parent** increased 36.3% due to gains from non-current asset disposals in addition to higher adjusted EBITDA.

- **International Tobacco Business:** At constant FX[1], adjusted EBITDA in US dollars recorded growth of 11.1% driven by robust price/mix, more than compensating for the volume decline. Due to the depreciation of the Japanese currency against the US dollar, core revenue and adjusted EBITDA in Japanese Yen increased 25.0% and 31.9% respectively. Market share continued to increase in most key markets

- **Japanese Domestic Tobacco Business:** Strong performance of Mevius continued to drive overall market share growth to 60.8% for April – December 2013 (FY2012: 59.6%). As a result, total sales volume and core revenue remained flat despite lower industry volume. Adjusted EBITDA declined slightly, by 1.1%.

Forecast for FY 2013

The forecast for adjusted EBITDA at constant FX remains unchanged at 6.1% growth year-on-year, while the adjusted EBITDA forecast has been revised upwards due to the revision of the exchange rate assumption of the Japanese Yen against the US dollar from ¥97.0 to ¥97.73. The forecast for profit attributable to owners of the parent has been revised upwards as a result of the favorable currency movement, improved financial income/costs and lower effective corporate tax rate.

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

"Internationally, we achieved robust profit growth driven by strong price/mix. Despite industry volume contraction, market share growth in most key markets confirmed solid business fundamentals. In Japan, robust performance of Mevius further expanded our overall market share. We will continue to strengthen the brand equity of our key brands such as Mevius, Seven Stars and Pianissimo, aiming to further increase our market share. The results over the last three quarters give me strong reason to believe that we will achieve our full year targets."

Consolidated Financial Results

Unit: Billions of Yen

	Apr-Dec 2012 (A)	Apr-Dec 2013 (B)	Difference (B)-(A)	Net Change (%)
Revenue	1,608.4	1,779.9	171.5	10.7
Adjusted EBITDA	494.5	574.1	79.6	16.1
Operating profit	411.6	514.4	102.9	25.0
Profit attributable to owners of the parent	263.7	359.3	95.6	36.3

At constant FX:

Adjusted EBITDA	494.5	505.3	10.8	2.2

- **Revenue**
  Revenue increased 10.7% driven by robust price/mix in the International Tobacco Business and the depreciation of the Japanese currency.

- **Adjusted EBITDA**
  Adjusted EBITDA grew 16.1% due to higher revenue. At constant FX adjusted EBITDA increased 2.2%.

- **Profit Attributable to Owners of the Parent**
  Profit attributable to owners of the parent grew 36.3% due to increased adjusted EBITDA and gains from non-current asset disposals.

Results by Business Segment

➢ International Tobacco Business (Financial results for January 1 – September 30, 2013)

Units: Billions of Cigarettes, Billions of Yen

	Jan-Sep 2012	Jan-Sep 2013	Net change (%)
Total shipment volume	327.9	311.2	-5.1%
GFB shipment volume	202.5	198.2	-2.1%
Core revenue	702.9	878.9	25.0%
Adjusted EBITDA	266.0	350.7	31.9%

Total shipment volume was affected by industry contraction in Russia and Western European markets as well as trade inventory adjustments in several markets, with a decrease of 5.1% to 311.2 billion cigarette equivalent units. GFB shipment volume declined 2.1% to 198.2 billion cigarette equivalent units, while showing growth in Austria, the Caucasus markets, Czech Republic, Germany, Hungary and Kazakhstan. Year-on-year market share continued to grow in almost all key markets, including France, Italy, Spain, Taiwan, Turkey and the UK. In Russia, continued GFB market share growth led to total share of value gains.

At constant FX, core revenue and adjusted EBITDA in US dollars grew 4.6% and 11.1% respectively, driven by strong price/mix, more than offsetting overall volume decline. On a reported basis, core revenue and adjusted EBITDA increased 2.4% and 8.0% respectively. In Japanese Yen, core revenue and adjusted EBITDA increased 25.0% and 31.9% respectively, as a result of the currency depreciation against the US dollar.

➢ Japanese Domestic Tobacco Business

Units: Billions of Cigarettes, Billions of Yen

	Apr-Dec 2012	Apr-Dec 2013	Net change (%)
Total sales volume	89.4	89.7	0.4
Core revenue	502.8	505.1	0.5
Adjusted EBITDA	226.9	224.4	-1.1

With a focus on key brands including Mevius, Seven Stars and Pianissimo, the Company has taken product and sales promotion initiatives. A number of new products have been introduced including the “Mevius Premium Menthol Spread” lineup featuring “spread filters” in October 2013 and two Seven Stars brand products, “Real Rich” and “Real Smoke,” in December 2013. Consequently, market share showed steady growth to 60.8% for April – December 2013 (FY2012: 59.6%). In January 2014 the Company launched “Pianissimo Icene Spike” offering the strongest menthol sensation in the Pianissimo lineup.

Total sales volume and core revenue remained flat due to steady market share growth, offsetting a decline in overall industry volume. Adjusted EBITDA declined slightly, by 1.1%, as a result of unfavorable price/mix and higher costs due to the depreciation of the Japanese Yen.

- **Pharmaceutical Business**

Unit: Billions of Yen

	Apr-Dec 2012 (A)	Apr-Dec 2013 (B)	Difference (B) – (A)
Revenue	41.2	46.2	5.0
Adjusted EBITDA	-8.6	-5.9	2.6

Revenue increased to ¥46.2 billion following milestone revenue growth related to progress in R&D of original JT compounds that have been out-licensed, and higher royalty revenue. The growth was also driven by Torii Pharmaceutical's performance, including sales growth of Remitch® Capsules, an anti-pruritus drug for hemodialysis patients, and an anti-HIV drug, Truvada® Combination Tablets. Adjusted EBITDA improved to -¥5.9 billion due to the increase in revenue.

Latest updates:

- JTT-751 (Hyperphosphatemia): JT received manufacturing and marketing approval for Riona® Tablets 250mg in Japan in January 2014.
- TO-194SL (Cedar pollinosis): Torii Pharmaceutical gained manufacturing and marketing approval for CEDARTOLEN® SUBLINGUAL DROP in Japan in January 2014.
- JTK-303 or elvitegravir (HIV infection): The European Medicines Agency's approval of this drug was obtained by a JT partner in November 2013. The drug is to be marketed as Vitekta™ in the European Union.

- **Beverage Business**

Unit: Billions of Yen

	Apr-Dec 2012 (A)	Apr-Dec 2013 (B)	Difference (B) – (A)
Revenue	144.5	142.7	-1.7
Adjusted EBITDA	10.5	6.5	-4.0

"Momono Tennen-sui", which is being promoted as the second flagship brand after "Roots", delivered continuous growth, leading to higher sales volume of the Company's beverage products. However, due to decreased revenue from vending machines, revenue declined ¥1.7 billion. Adjusted EBITDA decreased ¥4.0 billion due to increased expenses on reinforcement of vending machine operations and initiatives to strengthen brand equity.

- **Processed Food Business**

Unit: Billions of Yen

	Apr-Dec 2012 (A)	Apr-Dec 2013 (B)	Difference (B) – (A)
Revenue	131.9	118.8	-13.1
Adjusted EBITDA	5.2	5.6	0.4

Sales of staple food products have shown steady growth, but, as a result of the closure in December 2012 of the processed fishery products business, revenue declined ¥13.1 billion. Excluding this negative effect, revenue grew ¥3.0 billion. Despite higher raw materials costs due to the depreciation of the Japanese Yen, adjusted EBITDA increased 7.4% driven by growth in staple food products.

Consolidated Forecast for FY2013

The forecasts for revenue and adjusted EBITDA have been revised upwards by ¥22.0 billion and ¥5.0 billion respectively mainly due to the further depreciation of the Japanese Yen against the US dollar. The adjusted EBITDA forecast at constant FX remains unchanged to grow 6.1% year-on-year. The forecast for profit attributable to owners of the parent has been revised upwards by ¥8.0 billion as a result of the favorable currency movement, improved financial income/costs and lower effective corporate tax rates.

Unit: Billions of Yen

	FY2012 Actual (A)	FY2013 Previous Forecast (B)	FY2013 Updated Forecast (C)	Change from FY2013 Previous Forecast (C)-(B)	Change from FY2012 Actual (C)-(A)
Revenue	2,120.2	2,368.0	2,390.0	22.0 (0.9%)	269.8 (12.7%)
Adjusted EBITDA	622.0	738.0	743.0	5.0 (0.7%)	121.0 (19.5%)
Operating profit	532.2	632.0	638.0	6.0 (0.9%)	105.8 (19.9%)
Profit attributable to owners of the parent	343.6	415.0	423.0	8.0 (1.9%)	79.4 (23.1%)

Forecast at constant FX

Adjusted EBITDA	622.0	660.0	660.0	None	38.0 (6.1%)

- **International Tobacco Business[2]:** Following completion of the full year ended December 2013, adjusted EBITDA at constant FX in US dollars achieved double digit-growth of 11.3% driven by strong price/mix, more than compensating for a 4.6% total shipment volume decline. Market share in most key markets continued to grow despite ongoing industry contraction.

- **Japanese Domestic Tobacco Business:** The forecast for adjusted EBITDA has been revised upwards by ¥2.0 billion due to effective cost management, while the forecasts for total sales volume and core revenue remain unchanged.

- **Pharmaceutical Business:** Due to additional milestone revenue, which was originally expected from FY2014 onwards, the forecasts for both revenue and adjusted EBITDA have been revised upwards by ¥3.0 billion to ¥61.5 and -¥8.0 billion respectively.

- **Beverage Business:** In the light of recent sales data, forecasts for revenue and adjusted EBITDA have been revised downwards by ¥2.0 billion to ¥185.0 billion and by ¥1.0 billion to ¥9.5 billion respectively.

- **Processed Food Business:** The forecasts for revenue and adjusted EBITDA have been revised downwards by ¥2.0 billion to ¥157.0 billion and by ¥1.5 billion to ¥8.0 billion respectively, given the underlying sales performance and the further depreciation of the Japanese Yen.

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/Mild Seven and Benson & Hedges. With diversified operations, JT is also actively present in pharmaceuticals, beverages and processed foods. The company's revenue was ¥2.120 trillion (US$22,543 million(*)) in the fiscal year ended March 31, 2013.

**Translated at the rate of ¥94.05 per $1, as of March 29, 2013*

Notes:

[1] Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results/forecast, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported basis and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

[2] The exchange rate assumptions for US $1.00 have been revised as follows; Russian Ruble 31.84 from 31.96, UK Sterling 0.64 from 0.65, Euro 0.75 from 0.76, Taiwan Dollar 29.68 from 29.82 and Japanese Yen 97.73 from 97.00. The assumption for Swiss Franc remains unchanged at 0.93. Appreciation of the Japanese Yen and the Swiss Franc against the US dollar negatively affects the consolidated financial result numbers. Conversely, appreciation of the other currencies against the US dollar has a positive effect.

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

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Results for FY2013 Third Quarter

(April 1, 2013 through December 31, 2013)

-In accordance with the revised IAS 19, retrospective applications have been made to FY2012 figures at constant currency and to FY2012 reported figures.
-This retrospective did not have a material impact on the condensed interim consolidated financial statements.

1. Summary of Business Performance

(unit: JPY billion,%)

	FY2012 Q3	FY2013 Q3	Change	Rates of Change
Revenue	1,608.4	1,779.9	+171.5	+10.7%
Operating profit	411.6	514.4	+102.9	+25.0%
Profit before income taxes	391.9	504.5	+112.6	+28.7%
Profit	268.6	365.1	+96.5	+35.9%
Profit(attributable to owners of parent company)	263.7	359.3	+95.6	+36.3%
Adjusted EBITDA*1	494.5	574.1	+79.6	+16.1%

1 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

(Reference) (unit: JPY billion,%)

	FY2012 Q3	FY2013 Q3	Change	Rates of Change
Adjusted EBITDA at constant rates of exchange*2	494.5	505.3	+10.8	+2.2%

*2 :FY2012Q3-Actual
FY2013Q3- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2012Q3

2.Breakdown of Revenue

(unit: JPY billion,%)

	FY2012 Q3	FY2013 Q3	Change	Rates of Change
Revenue	1,608.4	1,779.9	+171.5	+10.7%
Japanese domestic tobacco	526.6	530.0	+3.4	+0.6%
Core revenue*1	502.8	505.1	+2.3	+0.5%
International tobacco*2	752.7	931.8	+179.1	+23.8%
Core revenue*3	702.9	878.9	+176.0	+25.0%
Pharmaceutical	41.2	46.2	+5.0	+12.2%
Beverage	144.5	142.7	-1.7	- 1.2%
Processed foods	131.9	118.8	-13.1	- 9.9%
Others	11.6	10.4	-1.2	- 10.2%

(Reference) (unit: USD million,%)

	2012 Jan-Sep	2013 Jan-Sep	Change	Rates of Change
International tobacco Core revenue*3	8,853	9,067	+214	+2.4%
International tobacco Core revenue at constant rates of exchange*3*4	8,691	9,095	+404	+4.6%

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

*2 :International tobacco business: 9M ended Sep. 2012 and 9M ended Sep .2013

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

*4 :Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

3.Adjusted EBITDA by business segment*1

(unit: JPY billion,%)

	FY2012 Q3	FY2013 Q3	Change	Rates of Change
Consolidated Operating profit	411.6	514.4	+102.9	+25.0%
Adjustment*3	82.9	59.7	-23.2	-
Adjusted EBITDA*1	494.5	574.1	+79.6	+16.1%
Japanese domestic tobacco Operating profit	197.9	192.2	-5.7	- 2.9%
Adjustment*3	28.9	32.2	+3.2	-
Adjusted EBITDA*1	226.9	224.4	-2.5	- 1.1%
International tobacco Operating profit*2	225.8	302.3	+76.4	+33.9%
Adjustment*2*3	40.2	48.5	+8.3	-
Adjusted EBITDA*1*2	266.0	350.7	+84.8	+31.9%
Pharmaceutical Operating profit	-11.1	-8.6	+2.5	-
Adjustment*3	2.5	2.7	+0.1	-
Adjusted EBITDA*1	-8.6	-5.9	+2.6	-
Beverage Operating profit	3.0	-1.5	-4.5	-
Adjustment*3	7.5	8.0	+0.5	-
Adjusted EBITDA*1	10.5	6.5	-4.0	- 37.6%
Processed Foods Operating profit	-6.5	0.1	+6.6	-
Adjustment*3	11.8	5.5	-6.3	-
Adjusted EBITDA*1	5.2	5.6	+0.4	+7.4%
Other/Elimination Operating profit	2.5	29.9	+27.4	+1098.1%
Adjustment*3	-8.0	-37.2	-29.1	-
Adjusted EBITDA*1	-5.5	-7.3	-1.7	-

(Reference) (unit: USD million,%)

	2012 Jan-Sep	2013 Jan-Sep	Change	Rates of Change
International tobacco Adjusted EBITDA*1	3,350	3,617	+267	+8.0%
International tobacco Adjusted EBITDA at constant rates of exchange*1*4	3,196	3,551	+356	+11.1%

1 : Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2 :International tobacco business: 9M ended Sep. 2012 and 9M ended Sep. 2013

3 :Depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*4 :Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

4.Consolidated financial position data

(unit: JPY billion)

	As of end of Mar.2013	As of end of Dec.2013	Change
Total Assets	3,852.6	4,395.8	+543.3
Total Equity	1,892.4	2,313.1	+420.7
Equity attributable to owners of the parent company	1,806.5	2,225.4	+418.9
BPS(attributable to owners of parent company) (yen)	993.98	1,224.40	+230.42

5.Liquidity*

(unit: JPY billion)

	As of end of Mar.2013	As of end of Dec.2013	Change
Liquidity	168.3	229.2	61.0

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

6.Interest-bearing debt*

(unit: JPY billion)

	As of end of Mar.2013	As of end of Dec.2013	Change
Interest-bearing debt	327.2	389.6	62.4

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

7.Consolidated cash flows data

(unit: JPY billion,%)

	FY2012 Q3	FY2013 Q3	Change	Rates of Change
Cash flows from operating activities	344.7	316.2	-28.5	-8.3%
Cash flows from investing activities	-117.7	-125.2	-7.5	–
Cash flows from financing activities	-271.8	-122.9	+148.8	–
Cash and cash equivalents, beginning of the year	404.7	142.7	-262.0	-64.7%
Foreign currency translation adjustments on cash and cash equivalents	-16.5	8.9	+25.3	–
Cash and cash equivalents, end of the year*1	343.5	219.7	-123.9	-36.1%
FCF*2	226.9	175.6	-51.3	-22.6%

*1 Included in "Cash and cash equivalents" at the end of this quarter is ¥33.2 billion (IRR 10,363.4 billion) held by the Group's Iranian subsidiary, JTI Pars PJS Co.. Due to international sanctions and other factors imposed on Iran, the subsidiary's ability to remit funds outside of Iran is restricted.

*2 :FCF is total of cash flows from operating activities and investing activities excluding the following items;
Cash flows from interest and dividends received and its tax effect / interest paid and its tax effect in operating activities.
Cash flows from purchase of short-term investment securities, proceeds from sale and redemption of short-term investment securities, purchase of investment securities, proceeds from sale of investment securities, payments into time deposits, proceeds from withdrawal of time deposits and others in investing activities (those from purchase/sale of securities held for business operation are not included here).

8.Capital expenditures

(unit: JPY billion,%)

	FY2012 Q3	FY2013 Q3	Change	Rates of Change
Capital expenditures	91.7	105.3	+13.6	+14.8%
Japanese domestic tobacco	46.1	36.0	-10.1	-21.8%
International tobacco*	24.5	48.0	+23.6	+96.4%
Pharmaceutical	4.3	2.0	-2.2	-52.8%
Beverage	8.9	12.3	+3.4	+37.7%
Processed foods	3.3	3.5	+0.2	+4.7%
Other/Elimination and corporate	4.6	3.4	-1.2	-26.3%

* : International tobacco business: 9M ended Sep. 2012 and 9M ended Sep .2013

9.Business data

【Japanese domestic tobacco business】	FY2012 Q3	FY2013 Q3	Change	Rates of Change	
JT sales volume*	89.4	89.7	+0.3	+0.4%	BNU
Total demand	150.1	147.6	-2.5	- 1.7%	BNU
JT market share	59.6%	60.8%	+1.2%pt		
JT net sales after tax per 1,000 cigarettes	5,504	5,486	-18	- 0.3%	JPY

* :Sales volume of domestic duty-free and China business is excluded, which was 2.3 billion for FY2012Q3 and 2.5 billion for FY2013Q3, respectively.

【International tobacco business】	2012 Jan-Sep	2013 Jan-Sep	Change	Rates of Change	
Total shipment volume*	327.9	311.2	-16.7	- 5.1%	BNU
GFB shipment volume	202.5	198.2	-4.3	- 2.1%	BNU
JPY/USD rate for consolidation	79.39	96.83	+17.44	-18.0%	JPY
RUB/USD rate for consolidation	31.07	31.61	+0.54	-1.7%	RUB
GBP/USD rate for consolidation	0.63	0.65	+0.01	-2.0%	GBP
EUR/USD rate for consolidation	0.78	0.76	-0.02	+2.8%	EUR
CHF/USD rate for consolidation	0.94	0.93	-0.01	+0.6%	CHF
TWD/USD rate for consolidation	29.72	29.73	+0.01	-0.0%	TWD

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

(unit: JPY billion,%)

<Pharmaceutical business>	FY2012 Q3	FY2013 Q3	Change	Rates of Change
R&D expenses	22.9	23.0	+0.1	+0.4%

(unit: million case,%)

<Beverage business>	FY2012 Q3	FY2013 Q3	Change	Rates of Change
Sales of JT products	25.13	25.54	+0.42	+1.7%
Roots	14.09	13.39	-0.69	- 4.9%

	As of end of Mar.2013	As of end of Dec.2013	Change
Number of beverage vending machines*	262,000	266,000	+4,000
JT-owned	39,000	42,000	+3,000
Combined	83,000	83,000	-0
Others	140,000	141,000	+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.

Results for FY2013 Third Quarter

(April 1, 2013 through December 31, 2013)

-In accordance with the revised IAS 19, retrospective applications have been made to FY2012 figures at constant currency and to FY2012 reported figures.
-This retrospective did not have a material impact on the condensed interim consolidated financial statements.

10.Account titles of P/L

(unit: JPY billion)

	FY2012 Q3	FY2013 Q3	Change
Revenue	1,608.4	1,779.9	+171.5
Cost of sales	684.1	720.9	+36.8
Gross profit	924.3	1,059.0	+134.7
Other Operating profit	18.2	49.4	+31.2
Gain on sale of tangible fixed assets, intangible assets and investment properties	15.1	42.8	+27.8
Others	3.2	6.5	+3.4
Share of profit of investments accounted for using the equity method	2.6	0.9	-1.8
SG&A	533.6	594.9	+61.3
Advertising expenses	13.9	16.6	+2.7
Promotion expenses	94.6	106.7	+12.0
Freight and storage cost	20.8	20.4	-0.4
Commissions	29.3	34.5	+5.2
Employee benefits expenses	182.7	203.5	+20.9
R&D expenses	42.2	42.6	+0.4
Depreciation and amortization	43.6	51.4	+7.7
Impairment losses	2.5	0.6	-1.9
Loss on sale of tangible fixed assets and investment properties	5.1	6.4	+1.3
Corporation fee for termination of leaf tobacco farming	0.0	–	-0.0
Others	98.9	112.2	+13.3
Operating profit	411.6	514.4	+102.9
Depreciation and amortization	86.0	98.5	+12.5
Restructuring-related income	-14.4	-42.2	-27.8
Restructuring-related costs	11.3	3.4	-7.9
Adjusted EBITDA *1	494.5	574.1	+79.6
Japanese domestic tobacco Operating profit	197.9	192.2	-5.7
Depreciation and amortization	30.0	33.2	+3.2
Adjustment items (income)	-1.2	-1.0	+0.2
Adjustment items (costs)	0.1	–	-0.1
Adjusted EBITDA *1	226.9	224.4	-2.5
International tobacco Operating profit *2	225.8	302.3	+76.4
Depreciation and amortization *2	37.9	46.9	+9.0
Adjustment items (income) *2	-0.4	–	+0.4
Adjustment items (costs) *2	2.7	1.6	-1.0
Adjusted EBITDA *1*2	266.0	350.7	+84.8
Pharmaceutical Operating profit	-11.1	-8.6	+2.5
Depreciation and amortization	2.5	2.7	+0.1
Adjusted EBITDA *1	-8.6	-5.9	+2.6
Beverage Operating profit	3.0	-1.5	-4.5
Depreciation and amortization	7.5	8.0	+0.5
Adjusted EBITDA *1	10.5	6.5	-4.0
Processed Foods Operating profit	-6.5	0.1	+6.6
Depreciation and amortization	5.3	5.1	-0.2
Adjustment items (income)	–	-0.2	-0.2
Adjustment items (costs)	6.4	0.6	-5.8
Adjusted EBITDA *1	5.2	5.6	+0.4
Others/Elimination Operating profit	2.5	29.9	+27.4
Depreciation and amortization	2.7	2.6	-0.1
Adjustment items (income)	-12.8	-40.9	-28.1
Adjustment items (costs)	2.1	1.2	-0.9
Adjusted EBITDA *1	-5.5	-7.3	-1.7

(unit: JPY billion)

	FY2012 Q3	FY2013 Q3	Change
Financial income	3.4	4.8	+1.4
Dividend income	0.6	0.6	+0.0
Interest income	2.6	3.8	+1.2
Foreign exchange gain	–	–	–
Other	0.2	0.3	+0.1
Financial costs	23.0	14.7	-8.3
Interest expenses	7.5	6.5	-1.0
Pension/post retirement benefit	4.3	4.3	-0.0
Foreign exchange loss	10.2	2.9	-7.4
Other	0.9	1.0	+0.1
Profit before income taxes	391.9	504.5	+112.6
Income taxes	123.3	139.4	+16.1
Profit	268.6	365.1	+96.5
Owners of the parent company	263.7	359.3	+95.6
Non-controlling interests	4.9	5.8	+0.9

1 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2 :International tobacco business: 9M ended Sep. 2012 and 9M ended Sep. 2013

Results for FY2013 Third Quarter
(April 1, 2013 through December 31, 2013)

-In accordance with the revised IAS 19, retrospective applications have been made to FY2012 figures at constant currency and to FY2012 reported figures.
-This retrospective did not have a material impact on the condensed interim consolidated financial statements.

11.Account titles of B/S

(unit: JPY billion)

	As of end of Mar.2013	As of end of Dec.2013	Change
Current assets	1,213.1	1,426.2	+213.0
Cash and cash equivalents	142.7	219.7	+77.0
Cash and deposits	121.8	200.5	+78.8
Short-term investment	21.0	19.1	-1.8
Trade and other receivables	387.8	427.2	+39.3
Notes and accounts receivable	368.0	416.9	+48.9
Other	21.5	12.3	-9.2
Allowance for doubtful accounts	-1.6	-2.0	-0.4
Inventories	473.0	543.3	+70.2
Merchandise and finished goods	133.1	156.1	+22.9
Leaf tobacco	292.0	328.0	+36.0
Other	47.9	59.2	+11.3
Other financial assets※1	29.1	22.6	-6.5
Other current assets	177.9	210.3	+32.5
Prepaid tobacco excise taxes	130.3	158.8	+28.5
Prepaid expenses	9.5	13.9	+4.4
Consumption taxes payable	10.6	14.5	+3.9
Other	27.4	23.1	-4.3
Non-current assets held for sale	2.6	3.2	+0.6
Non-current assets	2,639.4	2,969.6	+330.2
PP&E	672.3	738.0	+65.7
Cost	1,535.7	1,645.2	+109.5
Accumulated depreciation and accumulated impairment losses	-863.4	-907.1	-43.7
Land, buildings and structures	307.3	320.5	+13.1
Cost	615.7	638.5	+22.8
Accumulated depreciation and accumulated impairment losses	-308.3	-318.1	-9.7
Machinery and vehicles	271.2	287.3	+16.1
Cost	720.2	761.3	+41.1
Accumulated depreciation and accumulated impairment losses	-449.0	-474.0	-25.0
Tools, furniture and fixtures	65.3	67.3	+2.1
Cost	171.4	182.4	+11.1
Accumulated depreciation and accumulated impairment losses	-106.1	-115.1	-9.0
Construction in progress	28.5	62.9	+34.4
Cost	28.5	62.9	+34.4
Accumulated depreciation and accumulated impairment losses	–	–	–
Goodwill※2	1,316.5	1,463.6	+147.1
Cost	1,316.5	1,463.6	+147.1
Accumulated depreciation and accumulated impairment losses	–	–	–
Intangible assets	348.8	362.6	+13.8
Cost	933.1	993.5	+60.5
Accumulated depreciation and accumulated impairment losses	-584.2	-630.9	-46.6
Trademark※3	287.6	301.6	+14.0
Cost	733.7	784.0	+50.2
Accumulated depreciation and accumulated impairment losses	-446.1	-482.4	-36.3
Software	31.9	32.9	+1.0
Cost	111.6	119.5	+7.9
Accumulated depreciation and accumulated impairment losses	-79.8	-86.6	-6.9
Other	29.3	28.1	-1.2
Cost	87.7	90.0	+2.3
Accumulated depreciation and accumulated impairment losses	-58.3	-61.8	-3.5
Investment property	59.0	47.3	-11.7
Retirement benefit assets	14.8	17.5	+2.7
Investments accounted for using the equity method	22.9	109.1	+86.1
Other financial assets※3	71.8	93.9	+22.1
Deferred tax assets	133.3	137.6	+4.4
Total assets	3,852.6	4,395.8	+543.3

		As of end of Mar.2013	As of end of Dec.2013	Change
※1	Other financial assets(current & non-current)	100.9	116.4	+15.5
	Derivative assets	4.1	12.1	+8.1
	Equities	46.7	54.3	+7.6
	Bonds	15.7	10.3	-5.4
	Time deposits	5.3	1.5	-3.9
	Other	38.2	47.6	+9.4
	Allowance for doubtful accounts	-9.1	-9.4	-0.3

		As of end of Mar.2013	As of end of Dec.2013	Change
※2	Goodwill International tobacco cash-generating unit	1,274.0	1,421.0	+147.1
	Goodwill processed food cash-generating unit	25.4	25.4	–

		As of end of Mar.2013	As of end of Dec.2013	Change
※3	Trademark International tobacco business	284.9	299.0	+14.1

(unit: JPY billion)

	As of end of Mar.2013	As of end of Dec.2013	Change
Current liabilities	1,113.0	1,312.2	+199.2
Trade and other payables	312.7	321.0	+8.3
Notes and accounts payable	173.5	174.7	+1.3
Other payables	71.3	57.4	-14.0
Other	68.0	88.9	+21.0
Bonds and borrowings※4	44.3	206.5	+162.2
Income taxes payable	85.7	63.0	-22.7
Other financial libilities※4	8.6	9.2	+0.7
Provisions	5.3	6.4	+1.2
Other current liabilities※5	656.3	705.9	+49.6
Liabilities directly associated with non-current assets held-for-sale	0.1	0.1	-0.0
Non current liabilities	847.2	770.5	-76.7
Bonds and borrowings※4	270.4	168.3	-102.1
Other financial libilities※4	18.8	18.8	-0.0
Retirement benefit liabilities	342.6	359.7	+17.1
Provisions	4.8	5.1	+0.3
Other non-current liabilities※5	113.2	116.1	+2.9
Deferred tax liabilities	97.3	102.5	+5.2
Liabilities	1,960.1	2,082.7	+122.5
Equity	1,892.4	2,313.1	+420.7
Share capital	100.0	100.0	–
Capital surplus	736.4	736.4	-0.0
Treasury shares	-344.6	-344.5	+0.9
Other components of equity	-155.4	58.2	+213.6
Retained earnings	1,470.1	1,675.3	+205.1
Non-controlling interests	85.9	87.8	+1.9
Total liabilities and equity	3,852.6	4,395.8	+543.3

		As of end of Mar.2013	As of end of Dec.2013	Change
※4	Bonds and borrowings(including other financial liabilities) (current & non-current)	342.1	402.9	+60.8
	Derivative liabilities	3.8	4.6	+0.7
	Short-term borrowings	23.8	39.3	+15.5
	Commercial paper	–	–	–
	Current portion of long-term borrowings	20.5	1.2	-19.3
	Current portion of bonds	–	166.1	+166.1
	Long-term borrowings	33.2	35.9	+2.8
	Bonds	237.2	132.3	-104.9
	Other	23.6	23.5	-0.1

		As of end of Mar.2013	As of end of Dec.2013	Change
※5	Other liabilities(current & non-current)	769.5	822.0	+52.5
	Tobacco excise taxes payable	285.8	326.6	+40.9
	Tobacco special excise taxes payable	14.5	15.6	+1.2
	Tobacco local excise taxes payable	182.4	193.7	+11.4
	Consumption taxes payable	85.4	99.4	+14.0
	Provision for bonuses	45.5	35.3	-10.2
	Compensated absences	19.8	20.9	+1.1
	Other	136.3	130.4	-5.8

Forecasts for FY 2013
(Apr, 2013-Mar, 2014)
as of January 30, 2014

-In accordance with the revised IAS 19, retrospective applications have been made to FY2012 figures at constant currency and to FY2012 reported figures.
-This retrospective did not have a material impact on the condensed interim consolidated financial statements.

1. Summary of Business Performance

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Revenue	2,120.2	2,390.0	+269.8	+12.7%
Operating profit	532.2	638.0	+105.8	+19.9%
Profit before income taxes	509.4	624.0	+114.6	+22.5%
Profit	351.4	430.0	+78.6	+22.4%
Profit(attributable to owners of the parent)	343.6	423.0	+79.4	+23.1%
Basic EPS(yen)*1	181.07	232.74	+51.67	+28.5%
Adjusted EBITDA*2	622.0	743.0	+121.0	+19.5%
DPS(yen)	68.00	92.00	+24.00	+35.3%
Payout ratio*3	37.6%	39.5%	+1.9%pt	
ROE(attributable to owners of the parent)*4	20.0%	19.7%	-0.3%pt	

(Reference)

	FY2012	FY2013	Change	Rates of Change
Adjusted EBITDA at constant rates of exchange*5	622.0	660.0	+38.0	+6.1%

*1 :Based on profit attributable to owners of the parent
2 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
*3 :Payout ratio=Dividend per share/Basic EPS
*4 :Based on Profit attributable to owners of parent company and Equity attributable to owners of the parent company
*5 :FY2012-Actual
FY2013- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2012

2.Breakdown of Revenue

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Revenue	2,120.2	2,390.0	+269.8	+12.7%
Japanese domestic tobacco	687.1	703.0	+15.9	+2.3%
Core revenue*1	654.0	669.0	+15.0	+2.3%
International tobacco*2	1,010.7	1,270.0	+259.3	+25.7%
Core revenue*3	943.1	1,200.0	+256.9	+27.2%
Pharmaceutical	53.2	61.5	+8.3	+15.7%
Beverage	185.5	185.0	-0.5	-0.3%
Processed Food	168.7	157.0	-11.7	-7.0%
Others	15.0	14.0	-1.0	-6.8%

(Reference) (unit: USD million,%)

	2012	2013	Change	Rates of Change
International tobacco Core revenue*2*3	11,817	12,273	+457	+3.9%
International tobacco Core revenue at constant rates of exchange*2*3*4	11,655	12,362	+708	+6.1%

*1 :Excluding revenue from the distribution business of imported tobacco
*2 :International tobacco business: Year ended 2012 and year ending 2013
*3 :Includes revenue from waterpipe tobacco, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.
*4 :Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results/forecast, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

3.OP & Adjusted EBITDA by business segment*1

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Consolidated Operating profit	532.2	638.0	+105.8	+19.9%
Japanese domestic tobacco	241.3	249.0	+7.7	+3.2%
International tobacco*2	289.4	376.5	+87.1	+30.1%
Pharmaceutical	-16.2	-11.5	+4.7	-
Beverage	2.3	-0.5	-2.8	-
Processed Food	-5.8	0.5	+6.3	-
Other/Elimination	21.2	24.0	+2.8	+13.5%
Adjusted EBITDA*1	622.0	743.0	+121.0	+19.5%
Japanese domestic tobacco*1	281.3	293.0	+11.7	+4.2%
International tobacco*1*2	343.2	451.5	+108.3	+31.6%
Pharmaceutical*1	-12.7	-8.0	+4.7	-
Beverage*1	12.4	9.5	-2.9	- 23.5%
Processed Food*1	7.4	8.0	+0.6	+8.7%
Other/Elimination*1	-9.6	-11.5	-1.9	-

(Reference) (unit: USD million,%)

	2012	2013	Change	Rates of Change
International tobacco Adjusted EBITDA*1*2	4,300	4,623	+323	+7.5%
International tobacco Adjusted EBITDA at constant rates of exchange*1*2*3	4,145	4,614	+469	+11.3%

1 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others
*2 :International tobacco business: Year ended 2012 and year ending 2013
*3 : Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results/forecast, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

4.Consolidated cash flows data

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
FCF*	316.0	205.0	-111.0	-35.1%

* : FCF is total of cash flows from operating activities and investing activities excluding the following items;
Cash flows from interest and dividends received and its tax effect / interest paid and its tax effect in operating activities.
Cash flows from purchase of short-term investment securities, proceeds from sale and redemption of short-term investment securities, purchase of investment securities, proceeds from sale of investment securities, payments into time deposits, proceeds from withdrawal of time deposits and others in investing activities (those from purchase/sale of securities held for business operation are not included here).

5.Capital expenditures

(unit: JPY billion,%)

	FY2012	FY2013	Change	Rates of Change
Capital expenditures	137.4	158.0	+20.6	+15.0%
Japanese domestic tobacco	71.2	53.0	-18.2	-25.6%
International tobacco*	37.5	70.0	+32.5	+86.6%
Pharmaceutical	5.8	4.0	-1.8	-30.6%
Beverage	12.0	12.5	+0.5	+3.9%
Processed Food	4.6	7.0	+2.4	+52.3%
Other/Elimination and corporate	6.3	12.0	+5.7	+89.8%

* : International business: Year ended 2012 and year ending 2013

6.Business data

【Japanese domestic tobacco business】	FY2012	FY2013	Change	Rates of Change	
JT sales volume*	116.2	119.0	+2.8	+2.4%	BNU

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

【International tobacco business】*1	2012	2013	Change	Rates of Change	
Total shipment volume*2	436.5	416.4	-20.2	- 4.6%	BNU
GFB shipment volume	268.8	266.6	-2.2	- 0.8%	BNU
JPY/USD rate for consolidation	79.81	97.73	+17.92	-18.3%	JPY
RUB/USD rate for consolidation	31.07	31.84	+0.77	-2.4%	RUB
GBP/USD rate for consolidation	0.63	0.64	+0.01	-1.3%	GBP
EUR/USD rate for consolidation	0.78	0.75	-0.02	+3.3%	EUR
CHF/USD rate for consolidation	0.94	0.93	-0.01	+1.2%	CHF
TWD/USD rate for consolidation	29.57	29.68	+0.11	-0.4%	TWD

*1: International business: Year ended 2012 and year ending 2013
*2: Total shipment volume includes fine cut, cigars, pipe tobacco and snus, but excludes contract manufactured products and waterpipe tobacco

Forecasts for the FY2013
(Apr, 2013-Mar, 2014)
(as of January 30, 2014)

1. Summary of Business Performance

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,368.0	2,390.0	+22.0	+0.9%
Operating profit	632.0	638.0	+6.0	+0.9%
Profit before income taxes	616.0	624.0	+8.0	+1.3%
Profit	423.0	430.0	+7.0	+1.7%
Profit(attributable to owners of parent company)	415.0	423.0	+8.0	+1.9%
Basic EPS(yen)*1	228.34	232.74	+4.40	+1.9%
Adjusted EBITDA*2	738.0	743.0	+5.0	+0.7%
DPS(yen)	92.00	92.00	–	–
Payout ratio*3	40.3%	39.5%	-0.8%pt	-
ROE(attributable to owners of parent company)*4	20.4%	19.7%	-0.7%pt	-

(Reference)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Adjusted EBITDA at constant rates of exchange*5	660.0	660.0	–	–

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

2 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

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

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

*5 : FY2013- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2012

2.Breakdown of Revenue

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,368.0	2,390.0	+22.0	+0.9%
Japanese domestic tobacco	703.0	703.0	–	–
Core revenue*1	669.0	669.0	–	–
International tobacco*2	1,245.0	1,270.0	+25.0	+2.0%
Core revenue*3	1,178.0	1,200.0	+22.0	+1.9%
Pharmaceutical	58.5	61.5	+3.0	+5.1%
Beverage	187.0	185.0	-2.0	-1.1%
Processed Food	159.0	157.0	-2.0	-1.3%
Others	14.0	14.0	–	–

(Reference) (unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Core revenue*2*3	12,150	12,273	+123	+1.0%
International tobacco Core revenue at constant rates of exchange*2*3*4	12,250	12,362	+112	+0.9%

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

*2 :International tobacco business: Year ending 2013

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

*4 :Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results/forecast, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

3.OP & Adjusted EBITDA by business segment*1

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Consolidated Operating profit	632.0	638.0	+6.0	+0.9%
Japanese domestic tobacco	246.0	249.0	+3.0	+1.2%
International tobacco*2	373.0	376.5	+3.5	+0.9%
Pharmaceutical	-14.5	-11.5	+3.0	-
Beverage	0.5	-0.5	-1.0	-
Processed Food	2.0	0.5	-1.5	- 75.0%
Other/Elimination	24.5	24.0	-0.5	- 2.0%
Adjusted EBITDA*1	738.0	743.0	+5.0	+0.7%
Japanese domestic tobacco*1	291.0	293.0	+2.0	+0.7%
International tobacco*1*2	449.0	451.5	+2.5	+0.6%
Pharmaceutical*1	-11.0	-8.0	+3.0	-
Beverage*1	10.5	9.5	-1.0	- 9.5%
Processed Food*1	9.5	8.0	-1.5	- 15.8%
Other/Elimination*1	-10.5	-11.5	-1.0	-

(Reference) (unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Adjusted EBITDA*1*2	4,630	4,623	-7	- 0.2%
International tobacco Adjusted EBITDA at constant rates of exchange*1*2*3	4,630	4,614	-16	- 0.3%

1 :Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)
*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2 :International tobacco business: Year ending 2013

*3 : Constant currency measures are computed by restating current year results at the previous year's foreign currency exchange rates. In 2013, market results/forecast, subject to highly volatile currency, significant currency devaluation and/or highly inflationary environments, are reported at actual/assumed exchange rates for figures both on a reported and at constant rates of exchange. Accordingly, 2012 results at constant rates of exchange have been restated for such markets. Results at constant rates of exchange should be considered in addition to, not as a substitute for, results reported in accordance with IFRS.

4.Consolidated cash flows data

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
FCF*	280.0	205.0	-75.0	-26.8%

* : 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	189.0	158.0	-31.0	-16.4%
Japanese domestic tobacco	63.0	53.0	-10.0	-15.9%
International tobacco*	90.0	70.0	-20.0	-22.2%
Pharmaceutical	4.0	4.0	–	–
Beverage	12.0	12.5	+0.5	+4.2%
Processed Food	8.0	7.0	-1.0	-12.5%
Other/Elimination and corporate	12.0	12.0	–	–

* : International business: Year ending 2013

6.Business data

【Japanese domestic tobacco business】	Previous Forecast	Revised Forecast	Change	Rates of Change	
JT sales volume*	119.0	119.0	–	–	BNU

* : 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	417.0	416.4	-0.6	- 0.2%	BNU
GFB shipment volume	265.0	266.6	+1.6	+0.6%	BNU
JPY/USD rate for consolidation	97.00	97.73	+0.73	-0.7%	JPY
RUB/USD rate for consolidation	31.96	31.84	-0.12	+0.4%	RUB
GBP/USD rate for consolidation	0.65	0.64	-0.01	+1.6%	GBP
EUR/USD rate for consolidation	0.76	0.75	-0.01	+0.9%	EUR
CHF/USD rate for consolidation	0.93	0.93	-0.00	+0.3%	CHF
TWD/USD rate for consolidation	29.82	29.68	-0.14	+0.5%	TWD

*1: International business: Year ending 2013

*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 03/2012	18.4	32.5	30.0	27.5	108.4
FY 03/2013	29.4	30.2	29.8	26.8	116.2
FY 03/2014	29.3	30.3	30.1		

2. Quarterly Retail Price Sales

(billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	373.6	662.5	610.0	560.3	2,206.5
FY 03/2013	596.7	612.9	605.2	544.2	2,358.9
FY 03/2014	593.3	614.1	608.5		

* 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 03/2012	5,444	5,516	5,509	5,515	5,502
FY 03/2013	5,508	5,505	5,499	5,498	5,503
FY 03/2014	5,491	5,485	5,481		

* 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 03/2012	40.8	59.3	58.7	59.2	54.9
FY 03/2013	59.4	59.7	59.6	59.5	59.6
FY 03/2014	60.5	60.7	61.1		

Market Share in Growing Segments

1. 1mg Tar

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	9.8	14.1	14.1	14.3	13.2
FY 03/2013	14.4	14.2	14.3	14.4	14.3
FY 03/2014	14.7	14.7	14.7		

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	24.7	23.9	24.1	24.4	24.3
FY 03/2013	24.5	24.2	24.4	24.5	24.4
FY 03/2014	24.5	24.5	24.4		

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	39.6	58.8	58.5	58.7	54.2
FY 03/2013	58.8	58.7	58.6	58.8	58.7
FY 03/2014	60.0	59.9	60.3		

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	3.2	6.3	6.6	6.9	5.8
FY 03/2013	7.5	7.6	7.4	7.7	7.6
FY 03/2014	8.3	8.8	9.0		

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	26.1	24.2	25.1	25.0	25.1
FY 03/2013	25.6	25.7	25.6	26.2	25.8
FY 03/2014	26.3	26.3	26.4		

(3) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	12.4	26.2	26.4	27.5	23.2
FY 03/2013	29.3	29.4	28.9	29.6	29.3
FY 03/2014	31.6	33.4	34.0		

3. JPY 440 or above*

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	8.1	15.1	14.9	14.8	13.4
FY 03/2013	14.7	14.8	14.5	14.5	14.6
FY 03/2014	14.5	14.4	14.7		

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	37.6	36.4	37.0	36.6	36.9
FY 03/2013	36.6	36.9	39.5	36.6	36.7
FY 03/2014	36.1	35.9	36.0		

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2012	21.5	41.3	40.2	40.4	36.2
FY 03/2013	40.1	40.2	36.7	39.7	39.9
FY 03/2014	40.1	40.1	40.8		

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

＜In-house development＞

Code （Generic Name）	Potential Indication/Dosage form	Mechanism		Phase	Note
JTK-303 (elvitegravir）	HIV infection /Oral	HIV Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV.	**<u>Standalone-Agent</u>** Preparing to file (Japan)	In-house
				<u>New Single Tablet Regimen</u> (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide) Phase3 (Japan) Global Study*	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	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase1(Japan)	In-house
JTE-151	Autoimmune/allergic diseases /Oral	RORγ antagonist	Suppresses overactive immune response via inhibition of ROR γ related to Th 17 activation.	Phase1(Overseas)	In-house
JTE-350** (histamine dihydrochloride)	Diagnostic product /Positive control solution in the skin prick test	Histamine receptor agonist	Induces wheal and flare as histamine reactions on the epidermis in the skin prick test.	Phase3(Japan)	In-license （ALK-Abelló） Co-development with Torii

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 （JT's code）	Licensee	Mechanism		Note
elvitegravir （JTK-303）	Gilead Sciences	HIV Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV	<u>Elvitegravir</u> U.S. marketing approval submitted <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</u> EU marketing approval submitted <u>Metastatic melanoma, trametinib+dabrafenib</u> EU marketing approval submitted
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 October 31, 2013:

<In-house development>
・JT obtained manufacturing and marketing approval of Riona® Tablets 250mg in Japan on January 17, 2014

<Licensed compounds>
・Gilead Sciences announced that elvitegravir has been approved by the European Medicines Agency on November 18, 2013
・GlaxoSmithKline announced that the U.S. Food and Drug Administration has approved trametinib for use in combination with dabrafenib for the treatment of patients with metastatic melanoma on January 9, 2014.