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FOR IMMEDIATE RELEASE

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JT's Consolidated Financial Results for FY2013 Second Quarter

- **Steady revenue and profit growth driven by strong price/mix in the International Tobacco Business and the depreciation of the Japanese Yen, showing steady progress towards the full year forecast.**
- **Full year forecast for adjusted EBITDA at constant rates of exchange remains unchanged, to grow 6.1% from the previous fiscal year.**

Results for the 6 months

- **Revenue** and **adjusted EBITDA** grew strongly by 9.6% and 13.0% respectively due to strong price/mix in the International Tobacco Business and the depreciation of the Japanese Yen. **Adjusted EBITDA at constant rates of exchange** increased 0.7%. **Profit attributable to owners of the parent** increased 40.5% due to gains from non-current asset disposals in addition to higher adjusted EBITDA.

- **International Tobacco Business:** At constant rates of exchange[1], adjusted EBITDA and core revenue in US dollars grew 7.0% and 4.1%, respectively, driven by strong price/mix which more than compensated for overall volume decline. Total and GFB shipment volume decreased 5.1% and 2.3%, respectively, mainly due to continued industry contraction and one-off trade inventory adjustments in the first quarter. Market share continued to grow in most key markets.

- **Japanese Domestic Tobacco Business:** Mevius continued to show steady market share growth following a number of new product and sales promotion initiatives in the growing menthol segment, driving an overall market share increase. As a result, total sales volume and core revenue remained flat, while industry volume declined. Adjusted EBITDA slightly declined 0.6%. Underlying performance is on track towards the full year forecast.

Forecast for FY2013

The forecast for adjusted EBITDA at constant rates of exchange remains unchanged at 6.1% growth year-on-year. On a reported basis, the adjusted EBITDA forecast has been revised upwards due to a revised exchange rate assumption for the Japanese Yen. The operating profit forecast has been also revised upwards as a result of the revised exchange rate assumption and higher gains from non-current asset disposals. The forecast for profit attributable to owners of the parent remains unchanged.

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

"Internationally, despite the challenging environment, we continued to grow share in most key markets. We are confident we will continue to deliver double-digit full year earnings growth on a constant currency basis. In Japan, several product and marketing initiatives have been taken to further strengthen the brand equity of Mevius, leading to higher overall share of market. The overall results of the first two quarters indicate that we are on track to achieve our full year targets."

Consolidated Financial Results for FY2013 Second Quarter

Unit: Billions of Yen

	Apr-Sep 2012 (A)	Apr-Sep 2013 (B)	Difference (B)-(A)	Net Change (%)
Revenue	1,057.4	1,159.1	101.7	9.6
Adjusted EBITDA	329.0	371.7	42.7	13.0
Operating profit	265.5	347.4	81.8	30.8
Profit attributable to owners of the parent	168.8	237.1	68.4	40.5

At constant rates of exchange:

Adjusted EBITDA	329.0	331.5	2.4	0.7

- **Revenue**
  Revenue increased 9.6% driven by strong price/mix in the International Tobacco Business and the depreciation of the Japanese Yen.

- **Adjusted EBITDA**
  Adjusted EBITDA grew 13.0% due to higher revenue. At constant rates of exchange, adjusted EBITDA increased 0.7%.

- **Profit Attributable to Owners of the Parent**
  Profit attributable to owners of the parent grew 40.5% due to increased adjusted EBITDA and gains from non-current asset disposals.

Results by Business Segment

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

Units: Billions of Cigarettes, Billions of Yen

	Jan-Jun 2012	Jan-Jun 2013	Net change (%)
Total shipment volume	212.4	201.6	-5.1%
GFB shipment volume	130.8	127.9	-2.3%
Core revenue	457.0	559.7	22.5%
Adjusted EBITDA	172.9	217.8	26.0%

Total shipment volume declined 5.1% to 201.6 billion cigarette equivalent units caused by continuing industry contraction and trade inventory adjustments in the first quarter. Year-on-year market share continued to grow in most key markets. In Russia, we increased GFB share of market and, as a result, total share of value. GFB shipment volume declined 2.3% to 127.9 billion cigarette equivalent units, as growth in the Caucasus markets, Czech Republic, Hungary, Kazakhstan, Turkey, Russia and other CIS+ markets could not fully offset industry contraction in other markets, particularly in Europe.

Core revenue and adjusted EBITDA in US dollars grew 2.0% and 4.9%, respectively, driven by price/mix improvement, more than compensating for the volume decline and unfavorable currency movements. At constant rates of exchange, core revenue and adjusted EBITDA grew 4.1% and 7.0%, respectively. In Japanese Yen, core revenue and adjusted EBITDA increased 22.5% and 26.0%, respectively, as a result of the currency depreciation against the US dollar.

➢ Japanese Domestic Tobacco Business

Units: Billions of Cigarettes, Billions of Yen

	Apr-Sep 2012	Apr-Sep 2013	Net change (%)
Total sales volume	59.6	59.6	0.1%
Core revenue	335.0	335.8	0.2%
Adjusted EBITDA	154.2	153.3	-0.6%

Strong performance of Mevius contributed to further market share growth to 60.6% for April - September 2013 (FY2012: 59.5%), led by a number of new product and sales promotion initiatives. The Company has actively introduced value-added products in the growing menthol segment, including “Mevius Premium Menthol 8” with a clear and refreshing menthol flavor in March, and “Mevius Premium Menthol Option” featuring the “aroma-changing capsule” in May, resulting in steady market share growth of Mevius.

Total sales volume and core revenue remained flat due to the steady market share growth, offsetting a decline in industry volume. Adjusted EBITDA slightly declined 0.6%.

➢ Pharmaceutical Business

Unit: Billions of Yen

	Apr-Sep 2012 (A)	Apr-Sep 2013 (B)	Difference (B) – (A)
Revenue	26.5	30.4	3.9
Adjusted EBITDA	-6.1	-3.6	2.4

Revenue increased to ¥30.4 billion, as a result of milestone revenue 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 -¥3.6 billion due to the increase in revenue.

Products marketed since FY2012:

- Stribild®, an anti-HIV single-tablet regimen, containing JT's original compound (JTK-303): In Japan, Stribild Combination Tablets has been marketed by Torii Pharmaceutical from May 2013. In the US and EU it is being marketed by a JT partner.
- Mekinist™, MEK inhibitor trametinib (melanoma): Mekinist is now marketed by a JT partner in the US.

➢ Beverage Business

Unit: Billions of Yen

	Apr-Sep 2012 (A)	Apr-Sep 2013 (B)	Difference (B) – (A)
Revenue	98.2	97.2	-1.0
Adjusted EBITDA	7.3	4.5	-2.8

Sales volume of the Company's beverage products increased, driven by "Momono Tennen-sui", which is being promoted as the second flagship brand after "Roots". However, due to lower revenue from vending machines, revenue declined by ¥1.0 billion. Adjusted EBITDA decreased by ¥2.8 billion. This reduction was due to higher expenses resulting from initiatives to reinforce vending machine operations and brand equity.

➢ Processed Food Business

Unit: Billions of Yen

	Apr-Sep 2012 (A)	Apr-Sep 2013 (B)	Difference (B) – (A)
Revenue	83.9	75.8	-8.0
Adjusted EBITDA	2.7	3.0	0.3

Staple food products showed steady growth. However, revenue declined ¥8 billion as a result of the closure in December 2012 of the processed fishery products business. Excluding this negative impact, revenue grew ¥2.5 billion. Adjusted EBITDA increased 10.4% as a result of growth in staple food products despite higher raw material costs due to the depreciation of the Japanese Yen.

Consolidated Forecast for FY2013

The forecast for adjusted EBITDA at constant rates of exchange remains unchanged at 6.1% growth from the previous fiscal year. On the other hand, the forecast for Adjusted EBITDA on a reported basis has been revised upwards by ¥8.0 billion, to grow 18.7% year-on-year, due to the revised exchange rate assumption of the Japanese Yen against the US dollar from ¥95 to ¥97. The operating profit forecast has been also revised upwards by ¥16.0 billion due to the revised exchange rate assumption and higher gains from non-current asset disposals. The forecast for profit attributable to owners of the parent remains unchanged.

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	2,368.0	None	247.8 (11.7%)
Adjusted EBITDA	622.0	730.0	738,0	8.0 (1.1%)	116.0 (18.7%)
Operating profit	532.2	616.0	632.0	16.0 (2.6%)	99.8 (18.7%)
Profit attributable to owners of the parent	343.6	415.0	415.0	None	71.4 (20.8%)

Forecast at constant rates of exchange

Adjusted EBITDA	622.0	660.0	660.0	None	38.0 (6.1%)

- **International Tobacco Business[2]:** Following significant industry contraction, we are revising the forecast for total shipment volume from 432.0 to 417.0 billion cigarette equivalent units and for GFB shipment volume from 273.0 to 265.0 billion cigarette equivalent units. The forecast for core revenue in US dollars at constant rates of exchange is revised from $12,550 to $12,250 million. However, the forecast for adjusted EBITDA in US dollars at constant rates of exchange remains unchanged at $4,630 million driven by robust pricing. On a Japanese Yen basis the adjusted EBITDA forecast has been revised upwards by ¥9.0 billion to ¥449.0 billion at 30.8% growth from the previous year due to the depreciation of the Japanese Yen.

- **Japanese Domestic Tobacco Business:** The forecasts for total sales volume, core revenue and adjusted EBITDA remain unchanged.

- **Pharmaceutical Business:** The revenue forecast has been revised downwards by ¥1 billion to ¥58.5 billion as milestone revenue for the second half of FY2013 is expected to be carried forward to the next fiscal year. Accordingly, the adjusted EBITDA forecast has been revised from -¥10.5 billion to -¥11.0 billion.

- **Beverage Business:** The forecasts for revenue and adjusted EBITDA remain unchanged.

- **Processed Food Business:** The forecasts for revenue and adjusted EBITDA remain unchanged.

- **Dividend:** As per the "Business Plan 2013", the Company announces a first half-year dividend of ¥46 per share and forecasts a second half-year dividend of ¥46 per share resulting in an annual forecast dividend of ¥92 per share for this fiscal year.

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Japan Tobacco Inc. is a leading international tobacco product company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius/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 are; Ruble 31.96, UK Sterling 0.65, Euro 0.76, Swiss Franc 0.93, Taiwan Dollar 29.82 and ¥97.00. Appreciation of the Japanese yen and the Swiss Franc against the US dollar negatively affects the consolidated financial result numbers. Conversely, appreciation of the other currencies against the US dollar has a positive effect.

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

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Results for FY2013 Second Quarter

(April 1, 2013 through September 30, 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 Q2	FY2013 Q2	Change	Rates of Change
Revenue	1,057.4	1,159.1	+101.7	+9.6%
Operating profit	265.5	347.4	+81.8	+30.8%
Profit before income taxes	252.0	339.1	+87.1	+34.5%
Profit	171.8	241.1	+69.2	+40.3%
Profit(attributable to owners of parent company)	168.8	237.1	+68.4	+40.5%
Adjusted EBITDA*1	329.0	371.7	+42.7	+13.0%

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 Q2	FY2013 Q2	Change	Rates of Change
Adjusted EBITDA at constant rates of exchange*2	329.0	331.5	+2.4	+0.7%

*2 :FY2012Q2-Actual
FY2013Q2- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2012Q2

2.Breakdown of Revenue

(unit: JPY billion,%)

	FY2012 Q2	FY2013 Q2	Change	Rates of Change
Revenue	1,057.4	1,159.1	+101.7	+9.6%
Japanese domestic tobacco	350.7	352.3	+1.7	+0.5%
Core revenue*1	335.0	335.8	+0.7	+0.2%
International tobacco*2	490.2	596.2	+106.0	+21.6%
Core revenue*3	457.0	559.7	+102.7	+22.5%
Pharmaceutical	26.5	30.4	+3.9	+14.7%
Beverage	98.2	97.2	-1.0	- 1.0%
Processed foods	83.9	75.8	-8.0	- 9.6%
Others	7.9	7.1	-0.8	- 9.8%

(Reference) (unit: USD million,%)

	2012 Jan-Jun	2013 Jan-Jun	Change	Rates of Change
International tobacco Core revenue*3	5,728	5,840	+112	+2.0%
International tobacco Core revenue at constant rates of exchange*3*4	5,636	5,865	+228	+4.1%

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

*2 :International tobacco business: 6M ended Jun. 2012 and 6M ended Jun.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 Q2	FY2013 Q2	Change	Rates of Change
Consolidated Operating profit	265.5	347.4	+81.8	+30.8%
Adjustment*3	63.5	24.4	-39.1	-
Adjusted EBITDA*1	329.0	371.7	+42.7	+13.0%
Japanese domestic tobacco Operating profit	135.7	132.2	-3.4	- 2.5%
Adjustment*3	18.5	21.0	+2.5	-
Adjusted EBITDA*1	154.2	153.3	-0.9	- 0.6%
International tobacco Operating profit*2	144.8	186.7	+42.0	+29.0%
Adjustment*2*3	28.1	31.1	+3.0	-
Adjusted EBITDA*1*2	172.9	217.8	+45.0	+26.0%
Pharmaceutical Operating profit	-7.7	-5.4	+2.3	-
Adjustment*3	1.7	1.8	+0.1	-
Adjusted EBITDA*1	-6.1	-3.6	+2.4	-
Beverage Operating profit	2.3	-0.7	-3.1	-
Adjustment*3	5.0	5.3	+0.3	-
Adjusted EBITDA*1	7.3	4.5	-2.8	- 37.8%
Processed Foods Operating profit	-3.6	-0.3	+3.3	-
Adjustment*3	6.3	3.3	-3.0	-
Adjusted EBITDA*1	2.7	3.0	+0.3	+10.4%
Other/Elimination Operating profit	-6.0	34.8	+40.8	-
Adjustment*3	4.0	-38.1	-42.1	-
Adjusted EBITDA*1	-2.0	-3.3	-1.3	-

(Reference) (unit: USD million,%)

	2012 Jan-Jun	2013 Jan-Jun	Change	Rates of Change
International tobacco Adjusted EBITDA*1	2,167	2,274	+107	+4.9%
International tobacco Adjusted EBITDA at constant rates of exchange*1*4	2,081	2,226	+145	+7.0%

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: 6M ended Jun. 2012 and 6M ended Jun.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 Sep.2013	Change
Total Assets	3,852.6	4,101.1	+248.6
Total Equity	1,892.4	2,233.3	+340.8
Equity attributable to owners of the parent company	1,806.5	2,145.2	+338.6
BPS(attributable to owners of parent company) (yen)	993.98	1,180.30	+186.32

5.Liquidity*

(unit: JPY billion)

	As of end of Mar.2013	As of end of Sep.2013	Change
Liquidity	168.3	146.3	-22.0

*: 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 Sep.2013	Change
Interest-bearing debt	327.2	376.6	49.4

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

7.Consolidated cash flows data

(unit: JPY billion,%)

	FY2012 Q2	FY2013 Q2	Change	Rates of Change
Cash flows from operating activities	259.3	23.2	-236.1	-91.0%
Cash flows from investing activities	-96.3	7.8	+104.1	–
Cash flows from financing activities	-214.9	-40.3	+174.6	–
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	-8.5	6.9	+15.4	–
Cash and cash equivalents, end of the year*1	344.3	140.3	-204.0	-59.3%
FCF*2	163.3	12.4	-150.9	-92.4%

*1 Included in "Cash and cash equivalents" at the end of this quarter is ¥25.0 billion (IRR 8,429.5 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 Q2	FY2013 Q2	Change	Rates of Change
Capital expenditures	54.0	60.4	+6.4	+11.8%
Japanese domestic tobacco	24.6	18.8	-5.8	-23.5%
International tobacco*	15.4	26.7	+11.3	+73.8%
Pharmaceutical	3.8	1.3	-2.5	-66.2%
Beverage	5.8	9.0	+3.2	+54.8%
Processed foods	2.3	2.0	-0.2	-10.7%
Other/Elimination and corporate	2.2	2.5	+0.4	+18.0%

* : International tobacco business: 6M ended Jun. 2012 and 6M ended Jun.2013

9.Business data

【Japanese domestic tobacco business】	FY2012 Q2	FY2013 Q2	Change	Rates of Change	
JT sales volume*	59.6	59.6	+0.1	+0.1%	BNU
Total demand	100.0	98.4	-1.6	- 1.6%	BNU
JT market share	59.5%	60.6%	+1.1%pt		
JT net sales after tax per 1,000 cigarettes	5,507	5,488	-19	- 0.3%	JPY

* :Sales volume of domestic duty-free and China business is excluded, which was 1.5 billion for FY2012Q2 and 1.7 billion for FY2013Q2, respectively.

【International tobacco business】	2012 Jan-Jun	2013 Jan-Jun	Change	Rates of Change	
Total shipment volume*	212.4	201.6	-10.8	- 5.1%	BNU
GFB shipment volume	130.8	127.9	-3.0	- 2.3%	BNU
JPY/USD rate for consolidation	79.77	95.73	+15.96	-16.7%	JPY
RUB/USD rate for consolidation	30.60	31.03	+0.42	-1.4%	RUB
GBP/USD rate for consolidation	0.63	0.65	+0.01	-2.1%	GBP
EUR/USD rate for consolidation	0.77	0.76	-0.01	+1.2%	EUR
CHF/USD rate for consolidation	0.93	0.94	+0.01	-0.8%	CHF
TWD/USD rate for consolidation	29.66	29.66	+0.00	-0.0%	TWD

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

(unit: JPY billion,%)

<Pharmaceutical business>	FY2012 Q2	FY2013 Q2	Change	Rates of Change
R&D expenses	15.1	15.5	+0.4	+2.6%

(unit: million case,%)

<Beverage business>	FY2012 Q2	FY2013 Q2	Change	Rates of Change
Sales of JT products	16.71	17.29	+0.57	+3.4%
Roots	8.68	8.39	-0.28	- 3.2%

	As of end of Mar.2013	As of end of Sep.2013	Change
Number of beverage vending machines*	262,000	265,000	+3,000
JT-owned	39,000	41,000	+2,000
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 Second Quarter

(April 1, 2013 through September 30, 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 Q2	FY2013 Q2	Change
Revenue	1,057.4	1,159.1	+101.7
Cost of sales	444.6	470.8	+26.2
Gross profit	612.8	688.3	+75.5
Other Operating profit	4.5	47.2	+42.7
Gain on sale of tangible fixed assets, intangible assets and investment properties	2.0	42.3	+40.3
Others	2.5	5.0	+2.4
Share of profit of investments accounted for using the equity method	2.4	0.5	-1.9
SG&A	354.1	388.7	+34.5
Advertising expenses	9.1	10.2	+1.1
Promotion expenses	60.6	67.9	+7.4
Freight and storage cost	13.7	13.6	-0.1
Commissions	19.3	21.7	+2.4
Employee benefits expenses	121.7	135.3	+13.7
R&D expenses	27.6	28.4	+0.8
Depreciation and amortization	28.9	34.3	+5.4
Impairment losses	2.8	0.3	-2.5
Loss on sale of tangible fixed assets and investment properties	4.2	4.0	-0.2
Corporation fee for termination of leaf tobacco farming	0.0	—	-0.0
Others	66.3	73.0	+6.6
Operating profit	265.5	347.4	+81.8
Depreciation and amortization	56.8	65.2	+8.3
Restructuring-related income	-1.2	-42.0	-40.7
Restructuring-related costs	7.8	1.1	-6.7
Adjusted EBITDA *1	329.0	371.7	+42.7
Japanese domestic tobacco Operating profit	135.7	132.2	-3.4
Depreciation and amortization	19.6	22.1	+2.4
Adjustment items (income)	-1.2	-1.0	+0.2
Adjustment items (costs)	0.1	—	-0.1
Adjusted EBITDA *1	154.2	153.3	-0.9
International tobacco Operating profit *2	144.8	186.7	+42.0
Depreciation and amortization *2	25.3	31.0	+5.7
Adjustment items (income) *2	-0.0	—	+0.0
Adjustment items (costs) *2	2.8	0.1	-2.7
Adjusted EBITDA *1*2	172.9	217.8	+45.0
Pharmaceutical Operating profit	-7.7	-5.4	+2.3
Depreciation and amortization	1.7	1.8	+0.1
Adjusted EBITDA *1	-6.1	-3.6	+2.4
Beverage Operating profit	2.3	-0.7	-3.1
Depreciation and amortization	5.0	5.3	+0.3
Adjusted EBITDA *1	7.3	4.5	-2.8
Processed Foods Operating profit	-3.6	-0.3	+3.3
Depreciation and amortization	3.5	3.4	-0.1
Adjustment items (income)	—	-0.2	-0.2
Adjustment items (costs)	27.0	0.1	-2.6
Adjusted EBITDA *1	2.7	3.0	+0.3
Others/Elimination Operating profit	-6.0	34.8	+40.8
Depreciation and amortization	1.8	1.7	-0.1
Adjustment items (income)	-0.0	-40.7	-40.7
Adjustment items (costs)	2.2	0.9	-1.3
Adjusted EBITDA *1	-2.0	-3.3	-1.3

(unit: JPY billion)

	FY2012 Q2	FY2013 Q2	Change
Financial income	2.0	2.7	+0.7
Dividend income	0.3	0.4	+0.0
Interest income	1.5	2.1	+0.6
Foreign exchange gain	—	—	—
Other	0.1	0.2	+0.1
Financial costs	15.5	11.0	-4.5
Interest expenses	5.2	4.4	-0.8
Pension/post retirement benefit	2.9	2.8	-0.1
Foreign exchange loss	6.6	3.0	-3.6
Other	0.8	0.8	-0.0
Profit before income taxes	252.0	339.1	+87.1
Income taxes	80.2	98.0	+17.8
Profit	171.8	241.1	+69.2
Owners of the parent company	168.8	237.1	+68.4
Non-controlling interests	3.1	3.9	+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: 6M ended Jun.2012 and 6M ended Jun.2013

Results for FY2013 Second Quarter

(April 1, 2013 through September 30, 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 Sep.2013	Change
Current assets	1,213.1	1,268.9	+55.8
Cash and cash equivalents	142.7	140.3	-2.4
Cash and deposits	121.8	130.7	+9.0
Short-term investment	21.0	9.6	-11.4
Trade and other receivables	387.8	407.4	+19.6
Notes and accounts receivable	368.0	396.1	+28.1
Other	21.5	13.2	-8.2
Allowance for doubtful accounts	-1.6	-1.9	-0.3
Inventories	473.0	504.4	+31.3
Merchandise and finished goods	133.1	148.6	+15.5
Leaf tobacco	292.0	295.5	+3.4
Other	47.9	60.3	+12.5
Other financial assets※1	29.1	10.5	-18.6
Other current assets	177.9	204.0	+26.1
Prepaid tobacco excise taxes	130.3	146.6	+16.3
Prepaid expenses	9.5	15.8	+6.2
Consumption taxes payable	10.6	14.2	+3.6
Other	27.4	27.4	+0.0
Non-current assets held for sale	2.6	2.4	-0.2
Non-current assets	2,639.4	2,832.2	+192.8
PP&E	672.3	721.0	+48.7
Cost	1,535.7	1,615.9	+80.2
Accumulated depreciation and accumulated impairment losses	-863.4	-894.8	-31.4
Land, buildings and structures	307.3	318.5	+11.2
Cost	615.7	632.1	+16.4
Accumulated depreciation and accumulated impairment losses	-308.3	-313.5	-5.2
Machinery and vehicles	271.2	283.9	+12.7
Cost	720.2	752.6	+32.4
Accumulated depreciation and accumulated impairment losses	-449.0	-468.7	-19.7
Tools, furniture and fixtures	65.3	67.5	+2.2
Cost	171.4	180.1	+8.7
Accumulated depreciation and accumulated impairment losses	-106.1	-112.6	-6.5
Construction in progress	28.5	51.1	+22.6
Cost	28.5	51.1	+22.6
Accumulated depreciation and accumulated impairment losses	–	–	–
Goodwill※2	1,316.5	1,438.7	+122.2
Cost	1,316.5	1,438.7	+122.2
Accumulated depreciation and accumulated impairment losses	–	–	–
Intangible assets	348.8	361.1	+12.2
Cost	933.1	977.2	+44.1
Accumulated depreciation and accumulated impairment losses	-584.2	-616.1	-31.9
Trademark※3	287.6	299.6	+12.0
Cost	733.7	770.6	+36.8
Accumulated depreciation and accumulated impairment losses	-446.1	-471.0	-24.9
Software	31.9	34.1	+2.2
Cost	111.6	118.5	+6.9
Accumulated depreciation and accumulated impairment losses	-79.8	-84.4	-4.7
Other	29.3	27.4	-2.0
Cost	87.7	88.1	+0.4
Accumulated depreciation and accumulated impairment losses	-58.3	-60.7	-2.4
Investment property	59.0	50.7	-8.3
Retirement benefit assets	14.8	17.4	+2.6
Investments accounted for using the equity method	22.9	24.2	+1.2
Other financial assets※3	71.8	81.6	+9.8
Deferred tax assets	133.3	137.5	+4.2
Total assets	3,852.6	4,101.1	+248.6

※1	Other financial assets(current & non-current)	100.9	92.1	-8.8
	Derivative assets	4.1	6.2	+2.1
	Equities	46.7	51.1	+4.4
	Bonds	15.7	9.5	-6.2
	Time deposits	5.3	1.4	-4.0
	Other	38.2	33.1	-5.1
	Allowance for doubtful accounts	-9.1	-9.2	-0.1

※2	Goodwill International tobacco cash-generating unit	1,274.0	1,396.2	+122.2
	Goodwill processed food cash-generating unit	25.4	25.4	–

※3	Trademark International tobacco business	284.9	296.9	+12.1

(unit: JPY billion)

	As of end of Mar.2013	As of end of Sep.2013	Change
Current liabilities	1,113.0	1,113.3	+0.4
Trade and other payables	312.7	289.0	-23.8
Notes and accounts payable	173.5	166.9	-6.5
Other payables	71.3	51.7	-19.6
Other	68.0	70.3	+2.4
Bonds and borrowings※4	44.3	200.2	+155.9
Income taxes payable	85.7	83.4	-2.3
Other financial libilities※4	8.6	10.6	+2.0
Provisions	5.3	4.7	-0.6
Other current liabilities※5	656.3	525.4	-130.9
Liabilities directly associated with non-current assets held-for-sale	0.1	0.1	+0.0
Non current liabilities	847.2	754.5	-92.6
Bonds and borrowings※4	270.4	162.0	-108.4
Other financial liabilities※4	18.8	19.5	+0.7
Retirement benefit liabilities	342.6	355.8	+13.2
Provisions	4.8	5.1	+0.3
Other non-current liabilities※5	113.2	108.5	-4.7
Deferred tax liabilities	97.3	103.6	+6.3
Liabilities	1,960.1	1,867.9	-92.3
Equity	1,892.4	2,233.3	+340.8
Share capital	100.0	100.0	–
Capital surplus	736.4	736.4	+0.0
Treasury shares	-344.6	-344.6	+0.0
Other components of equity	-155.4	15.1	+170.5
Retained earnings	1,470.1	1,638.2	+168.1
Non-controlling interests	85.9	88.1	+2.2
Total liabilities and equity	3,852.6	4,101.1	+248.6

※4	Bonds and borrowings(including other financial liabilities) (current & non-current)	342.1	392.2	+50.1
	Derivative liabilities	3.8	6.3	+2.5
	Short-term borrowings	23.8	34.7	+10.8
	Commercial paper	–	–	–
	Current portion of long-term borrowings	20.5	1.3	-19.2
	Current portion of bonds	–	164.2	+164.2
	Long-term borrowings	33.2	33.5	+0.3
	Bonds	237.2	128.5	-108.7
	Other	23.6	23.7	+0.1

※5	Other liabilities(current & non-current)	769.5	634.0	-135.6
	Tobacco excise taxes payable	285.8	258.0	-27.8
	Tobacco special excise taxes payable	14.5	7.5	-7.0
	Tobacco local excise taxes payable	182.4	93.3	-89.1
	Consumption taxes payable	85.4	85.4	-0.0
	Provision for bonuses	45.5	42.3	-3.1
	Compensated absences	19.8	21.6	+1.8
	Other	136.3	125.8	-10.4

Forecasts for FY 2013

(Apr, 2013-Mar, 2014)
as of October 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	FY2013	Change	Rates of Change
Revenue	2,120.2	2,368.0	+247.8	+11.7%
Operating profit	532.2	632.0	+99.8	+18.7%
Profit before income taxes	509.4	616.0	+106.6	+20.9%
Profit	351.4	423.0	+71.6	+20.4%
Profit(attributable to owners of the parent)	343.6	415.0	+71.4	+20.8%
Basic EPS(yen)*1	181.07	228.34	+47.27	+26.1%
Adjusted EBITDA*2	622.0	738.0	+116.0	+18.7%
DPS(yen)	68.00	92.00	+24.00	+35.3%
Payout ratio*3	37.6%	40.3%	+2.7%pt	
ROE(attributable to owners of the parent)*4	20.0%	20.4%	+0.4%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	2,368.0	+247.8	+11.7%
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	1,245.0	+234.3	+23.2%
Core revenue*3	943.1	1,178.0	+234.9	+24.9%
Pharmaceutical	53.2	58.5	+5.3	+10.0%
Beverage	185.5	187.0	+1.5	+0.8%
Processed Food	168.7	159.0	-9.7	-5.8%
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	12,150	+333	+2.8%
International tobacco Core revenue at constant rates of exchange*2*3*4	11,655	12,250	+595	+5.1%

*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	632.0	+99.8	+18.7%
Japanese domestic tobacco	241.3	246.0	+4.7	+2.0%
International tobacco*2	289.4	373.0	+83.6	+28.9%
Pharmaceutical	-16.2	-14.5	+1.7	-
Beverage	2.3	0.5	-1.8	- 78.7%
Processed Food	-5.8	2.0	+7.8	-
Other/Elimination	21.2	24.5	+3.3	+15.8%
Adjusted EBITDA*1	622.0	738.0	+116.0	+18.7%
Japanese domestic tobacco*1	281.3	291.0	+9.7	+3.4%
International tobacco*1*2	343.2	449.0	+105.8	+30.8%
Pharmaceutical*1	-12.7	-11.0	+1.7	-
Beverage*1	12.4	10.5	-1.9	- 15.4%
Processed Food*1	7.4	9.5	+2.1	+29.1%
Other/Elimination*1	-9.6	-10.5	-0.9	-

(Reference) (unit: USD million,%)

	2012	2013	Change	Rates of Change
International tobacco Adjusted EBITDA*1*2	4,300	4,630	+330	+7.7%
International tobacco Adjusted EBITDA at constant rates of exchange*1*2*3	4,145	4,630	+485	+11.7%

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	280.0	-36.0	-11.4%

*: 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	189.0	+51.6	+37.5%
Japanese domestic tobacco	71.2	63.0	-8.2	-11.6%
International tobacco*	37.5	90.0	+52.5	+140.0%
Pharmaceutical	5.8	4.0	-1.8	-30.6%
Beverage	12.0	12.0	-0.0	-0.2%
Processed Food	4.6	8.0	+3.4	+74.1%
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	417.0	-19.5	- 4.5%	BNU
GFB shipment volume	268.8	265.0	-3.8	- 1.4%	BNU
JPY/USD rate for consolidation	79.81	97.00	+17.19	-17.7%	JPY
RUB/USD rate for consolidation	31.07	31.96	+0.89	-2.8%	RUB
GBP/USD rate for consolidation	0.63	0.65	+0.02	-2.9%	GBP
EUR/USD rate for consolidation	0.78	0.76	-0.02	+2.4%	EUR
CHF/USD rate for consolidation	0.94	0.93	-0.01	+0.8%	CHF
TWD/USD rate for consolidation	29.57	29.82	+0.25	-0.8%	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 October 31, 2013)

1. Summary of Business Performance

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Revenue	2,368.0	2,368.0	–	–
Operating profit	616.0	632.0	+16.0	+2.6%
Profit before income taxes	598.0	616.0	+18.0	+3.0%
Profit	423.0	423.0	–	–
Profit(attributable to owners of parent company)	415.0	415.0	–	–
Basic EPS(yen)*1	228.34	228.34	–	–
Adjusted EBITDA*2	730.0	738.0	+8.0	+1.1%
DPS(yen)	92.00	92.00	–	–
Payout ratio*3	40.3%	40.3%	–	[redacted]
ROE(attributable to owners of parent company)*4	20.4%	20.4%	–	[redacted]

(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	2,368.0	–	–
Japanese domestic tobacco	703.0	703.0	–	–
Core revenue*1	669.0	669.0	–	–
International tobacco*2	1,244.0	1,245.0	+1.0	+0.1%
Core revenue*3	1,182.0	1,178.0	-4.0	-0.3%
Pharmaceutical	59.5	58.5	-1.0	-1.7%
Beverage	187.0	187.0	–	–
Processed Food	159.0	159.0	–	–
Others	14.0	14.0	–	–

(Reference) (unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Core revenue*2*3	12,450	12,150	-300	- 2.4%
International tobacco Core revenue at constant rates of exchange*2*3*4	12,550	12,250	-300	- 2.4%

*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	616.0	632.0	+16.0	+2.6%
Japanese domestic tobacco	246.0	246.0	–	–
International tobacco*2	375.0	373.0	-2.0	- 0.5%
Pharmaceutical	-14.0	-14.5	-0.5	–
Beverage	0.5	0.5	–	–
Processed Food	2.0	2.0	–	–
Other/Elimination	6.0	24.5	+18.5	+308.3%
Adjusted EBITDA*1	730.0	738.0	+8.0	+1.1%
Japanese domestic tobacco*1	291.0	291.0	–	–
International tobacco*1*2	440.0	449.0	+9.0	+2.0%
Pharmaceutical*1	-10.5	-11.0	-0.5	–
Beverage*1	10.5	10.5	–	–
Processed Food*1	9.5	9.5	–	–
Other/Elimination*1	-10.5	-10.5	–	–

(Reference) (unit: USD million,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
International tobacco Adjusted EBITDA*1*2	4,630	4,630	–	–
International tobacco Adjusted EBITDA at constant rates of exchange*1*2*3	4,630	4,630	–	–

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	280.0	–	–

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

5.Capital expenditures

(unit: JPY billion,%)

	Previous Forecast	Revised Forecast	Change	Rates of Change
Capital expenditures	195.0	189.0	-6.0	-3.1%
Japanese domestic tobacco	63.0	63.0	–	–
International tobacco*	94.0	90.0	-4.0	-4.3%
Pharmaceutical	4.0	4.0	–	–
Beverage	12.0	12.0	–	–
Processed Food	8.0	8.0	–	–
Other/Elimination and corporate	14.0	12.0	-2.0	-14.3%

* : 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	432.0	417.0	-15.0	- 3.5%	BNU
GFB shipment volume	273.0	265.0	-8.0	- 2.9%	BNU
JPY/USD rate for consolidation	95.00	97.00	+2.00	-2.1%	JPY
RUB/USD rate for consolidation	31.00	31.96	+0.96	-3.0%	RUB
GBP/USD rate for consolidation	0.66	0.65	-0.01	+1.5%	GBP
EUR/USD rate for consolidation	0.80	0.76	-0.04	+5.3%	EUR
CHF/USD rate for consolidation	0.96	0.93	-0.03	+3.2%	CHF
TWD/USD rate for consolidation	29.71	29.82	+0.11	-0.4%	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			

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			

* 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			

* 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			

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			

(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			

(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			

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			

(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			

(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			

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			

(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			

(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			

Japan Tobacco Inc. Clinical Development as of October 31, 2013

＜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.	**Standalone-Agent** Preparing to file (Japan)	In-house
				New Single Tablet Regimen (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide) Phase3 (Japan) Global Study*	Elvitegravir; In-house Cobicistat, Emtricitabine, Tenofovir Alafenamide; In-license (Gilead Sciences)
JTT-751 (ferric citrate)	Hyperphosphatemia /Oral	Phosphate binder	Decreases serum phosphorous level by binding phosphate derived from dietary in the gastrointestinal tract.	NDA filed (Japan)	In-license (Keryx Biopharmaceuticals) Co-development with Torii
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	Elvitegravir U.S. and EU marketing approvals submitted New Single Tablet Regimen (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide) Phase3
trametinib	GlaxoSmithKline	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK Kinase (MEK1/2)	Metastatic melanoma EU marketing approval submitted Metastatic melanoma, trametinib+dabrafenib U.S. and EU marketing approvals 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 July 30, 2013:

＜In-house development＞
- JTZ-951 advanced from Phase 1 to Phase 2 clinical trial in Japan.
- JTE-350 has entered into the clinical trial stage (Phase 3) in Japan.