Announcement : January 30, 2014
Investors ' Meeting : January 31, 2014

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

CFO and Senior Vice President
Naohiro Minami

*Please be reminded that the figures shown on these slides may differ from those shown in the financial statements as they are intended to facilitate the understanding of individual businesses.
*For details of each indicator, please refer to annotations on slide 27.

Caution concerning Forward-Looking Statements

FORWARD-LOOKING STATEMENTS

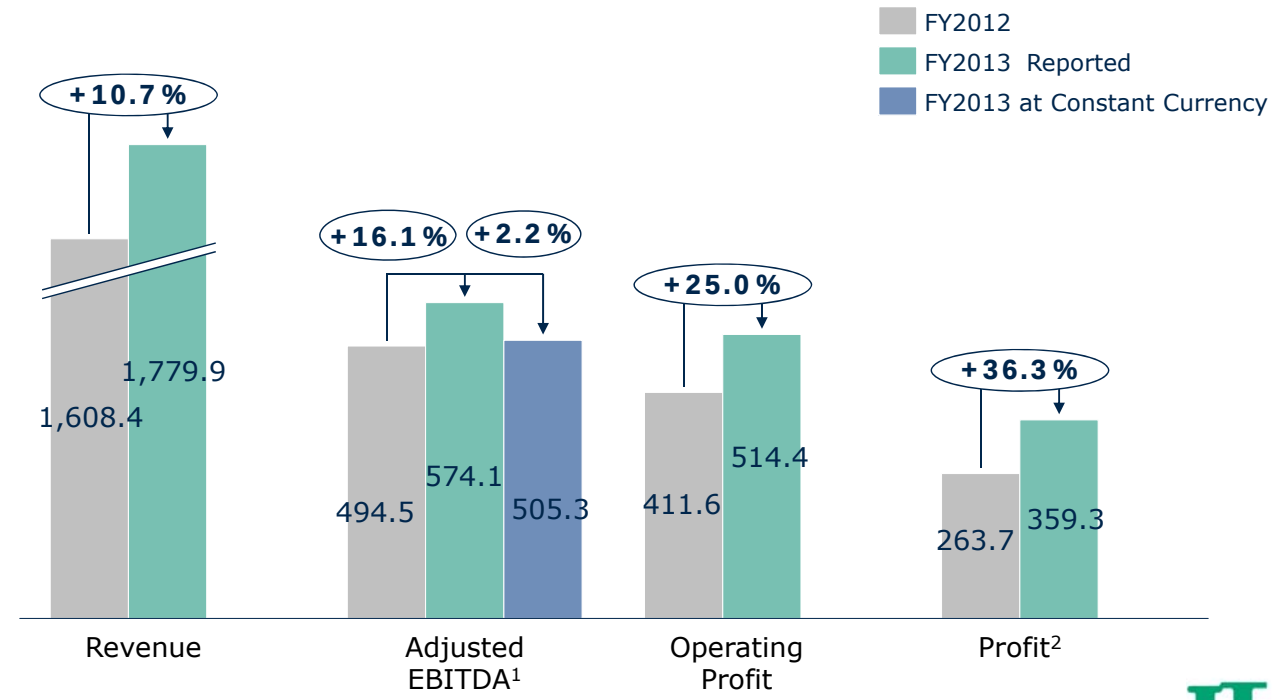
This presentation contains forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations.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

Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:
(1) decrease in demand for tobacco products in key markets;
(2) restrictions on promoting, marketing, packaging, labeling and usage of tobacco products in markets in which we operate;
(3) increases in excise, consumption or other taxes on tobacco products in markets in which we operate;
(4) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products ;
(5) our ability to realize anticipated results of our acquisition or other similar investments;
(6) competition in markets in which we operate or into which we seek to expand;
(7) deterioration in economic conditions in areas that matter to us;
(8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;
(9) fluctuations in foreign exchange rates and the costs of raw materials; and
(10) catastrophes, including natural disasters.

Consolidated financial results and forecasts

Consolidated financial results:
In line with annual forecasts as all performance measures exceeded prior year results

Growth rate of key figures
(Apr-Dec 2012 vs Apr-Dec 2013)



Consolidated financial forecasts:
Forecasts revised upward mainly due to positive FX effect

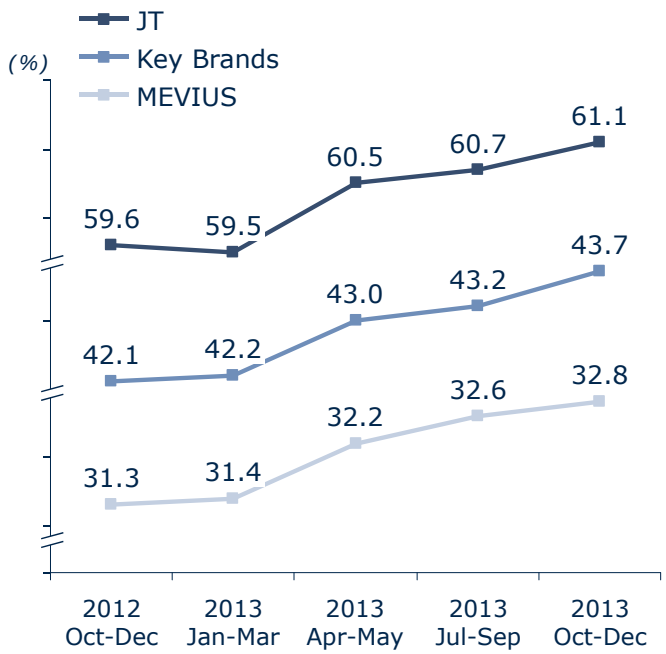
(JPY BN, %)	Revised Forecast	Change from Previous Forecast	Change from Previous Year
Revenue	2,390.0	+22.0	+12.7%
Adjusted EBITDA[1]	743.0	+5.0	+19.5%
Operating Profit	638.0	+6.0	+19.9%
Profit[2]	423.0	+8.0	+23.1%
FCF	205.0	-75.0	-35.1%
At Constant Currency			
Adjusted EBITDA[1]	660.0	-	+6.1%

	Revised Forecast	Previous Forecast
JPY/USD	97.73	97.00

Results and Forecasts by business segment

Japanese domestic tobacco business:
Continued share growth driven by contribution of key brands including MEVIUS

Share evolution of JT, key brands*, and MEVIUS



Source: TIOJ,JT Estimates

* Key brands: MEVIUS, Seven Stars, and Pianissimo

■ Initiatives for Key brands

MEVIUS

Early Oct "Premium Menthol Spread" 3 new products launch

Seven Stars

Early Dec "Real Rich" "Real Smoke" launch

Pianissimo

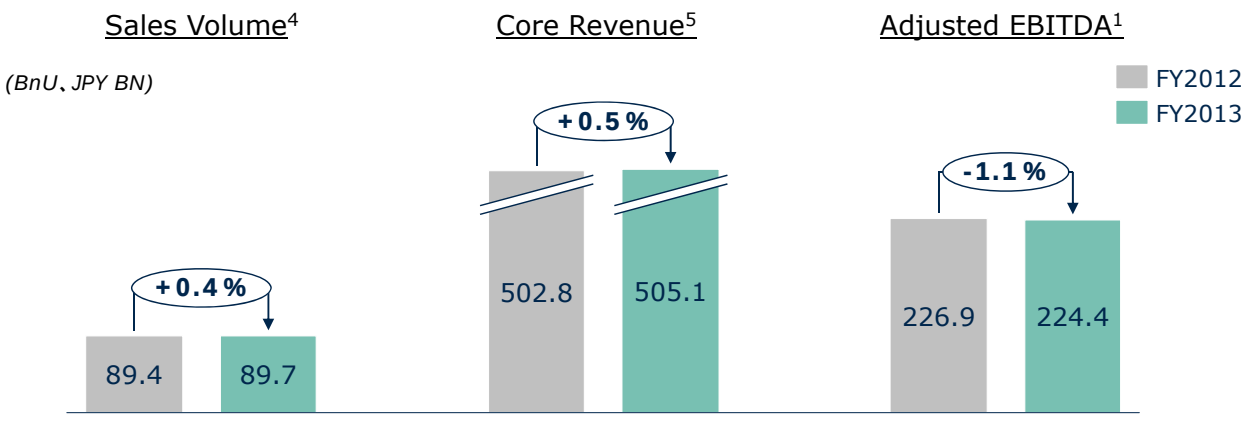
Mid Jan "Icene Spike" launch



THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JT'S PERFORMANCE TO OUR INVESTORS. IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS OR INDUCE SMOKING

Japanese domestic tobacco business:
Sales volume and core revenue remained flat despite market contraction

【Results for Apr-Dec 2013】



【Revised Forecast for FY2013】

(BnU, JPY BN)	**Revised Forecast**	Change from Initial Forecast	Change from Previous Year
Sales Volume[4]	**119.0**	-	+2.4%
Core Revenue[5]	**669.0**	-	+2.3%
Adjusted EBITDA[1]	**293.0**	+2.0	+4.2%

Japanese domestic tobacco:
Amended prices will reflect tax rate increase in weighted average price as a whole in response to the consumption tax increase in April

Price amendment of representative cigarette brands

(JPY)

	Current Price		New Price
Seven Stars and Peace	440	→	460
Pianissimo	440	→	450
Mevius	410	→	430
Caster and Cabin	410	→	420
Hope	220	→	230

Pharmaceutical business:
3 drugs obtained approval in Japan and overseas

- Jan 2014, 2 drugs obtained manufacturing and marketing approval in Japan
  - JT
    "Riona® Tablets 250mg" (JTT-751) for treatment of hyperphosphatemia
  - Torii Pharmaceutical Co, Ltd.
    "Cedartolen® Sublingual Drop - Japanese Cedar Pollen" (TO-194SL), a sublingual immunotherapy drug for Japanese cedar pollinosis
- Nov 2013, a licensed compound obtained approval in EU
  - Gilead Sciences
    Elvitegravir (JTK-303) obtained approval by the European Medicines Agency as "Vitekta™"

Pharmaceutical business:
Continued revenue and profit improvement, driven by progress in compound development and expansion in product sales

Revenue

JT

- Increase in milestone revenue from progress in out-licensed compound development and increase in royalty income from product sales

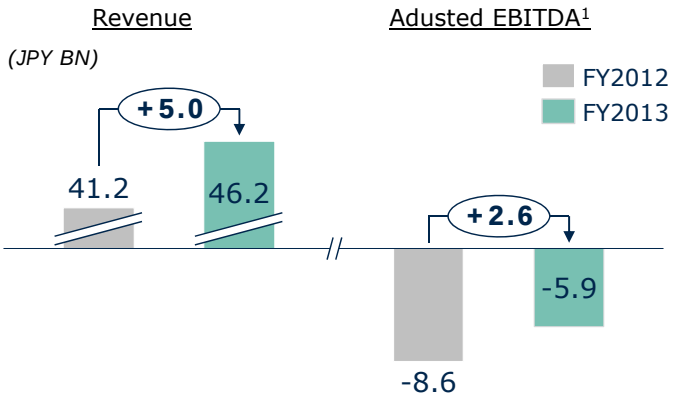
Torii Pharmaceutical Co, Ltd.

- Sales increase of REMITCH capsules and Truvada tablets

Adjusted EBITDA

- Improvement of JPY 2.6 bn from increase in revenue

【Results for Apr-Dec 2013】



【Revised Forecast for FY2013】

(JPY BN)	**Revised Forecast**	Change from Previous Forecast	Change from Previous Year
Revenue	**61.5**	+3.0	+8.3
Adjusted EBITDA[1]	**-8.0**	+3.0	+4.7

Beverage business:
Revenue and profits decreased due to sales decline in vending machine and increase in expenses despite JT products sales increase

Revenue

- Sales of JT products increased due to positive performance of Momono Tennen-sui
- Revenue was affected by decline in sales through vending machine channel

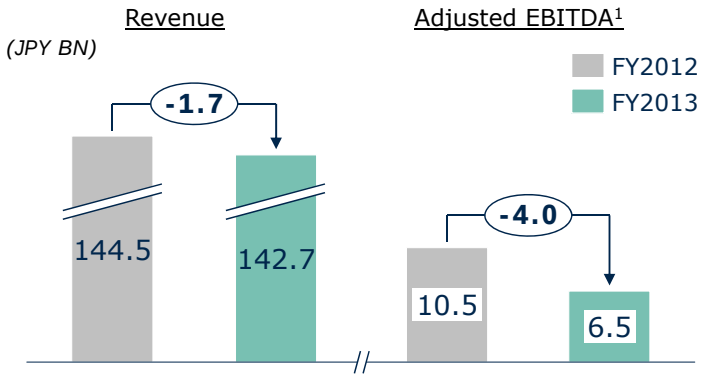
Adjusted EBITDA

- Affected by increase in expenses for the pursuit of further high quality vending machine operation and investment in brand enhancement





【Results for Apr-Dec 2013】



【Revised Forecast for FY2013】

(JPY BN)	**Revised Forecast**	Change from Initial Forecast	Change from Previous Year
Revenue	**185.0**	-2.0	-0.5
Adjusted EBITDA[1]	**9.5**	-1.0	-2.9

Processed food business:
Revenue and profits excluding processed fishery products business grew driven by staple food products growth, compensating for cost increase due to weak yen

Revenue

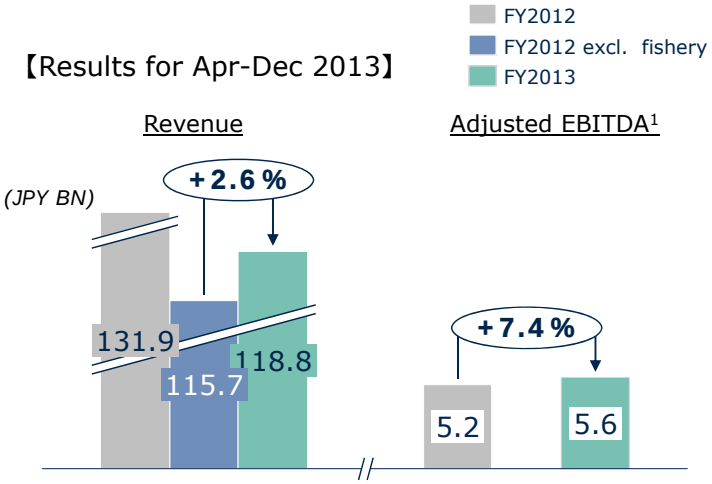
- Excluding processed fishery products business, positive performance in staple food products drove top-line growth

Adjusted EBITDA

- Top-line growth of staple food products more than compensated for costs increase due to weak yen



【Results for Apr-Dec 2013】



【Revised Forecast for FY2013】

(JPY BN)	Revised Forecast	Change from Initial Forecast	Change from Previous Year
Revenue	**157.0**	-2.0	-11.7
Adjusted EBITDA[1]	**8.0**	-1.5	+0.6

Change in accounting period

- Change in accounting period
  - Change the accounting period to harmonize it across the Group, with the closing date moving from March 31 to December 31
- Purpose of the change
  - To enhance the efficiency of financial reporting process and management system
  - To ensure timely disclosure of management information to further increase transparency
- Transitional period of FY2014
  - Domestic businesses:
    From Apr 1st to Dec 31st 2014 (consolidate 9 month results)
  - International Tobacco Business:
    From Jan 1st to Dec 31st 2014 (consolidate 12 month results)
  - Dividend:
    Record dates to be Sep 30th and Dec 31st
    Intend not to decrease from FY2013 annual DPS
    ✓Need to review FY2013 annual results and FY2014 annual forecasts for the DPS discussion
    -> Plan to communicate FY 2014 DPS forecast along with the consolidated financial forecasts in April, 2014
    ✓Subject to approval at the Ordinary General Meeting of Shareholders and approval by the Minister of Finance

*Change in accounting period is subject to approval at the 29th Ordinary General Meeting of Shareholders to be held in late June 2014, and approval by the Minister of Finance.

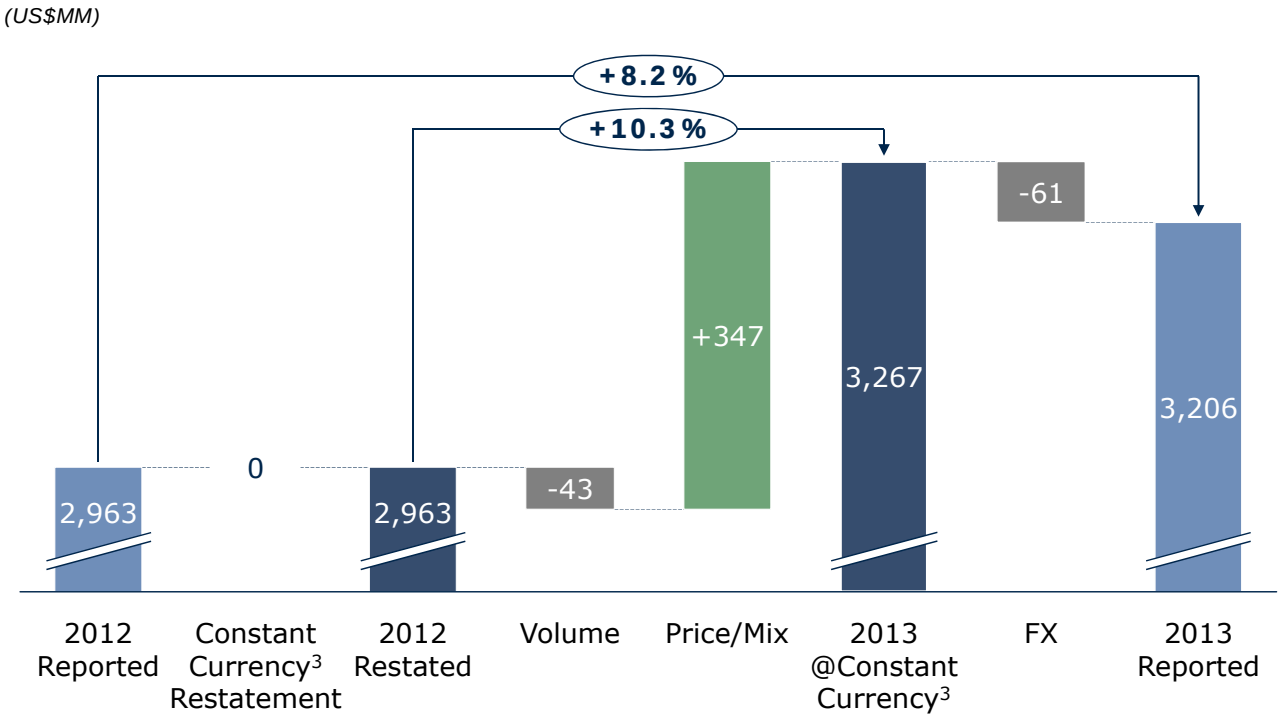
Closing

- Consolidated adjusted EBITDA growth at constant currency remains unchanged at 6.1%
- We commit to achieve the initial dividend payout ratio target of 40%
- Prioritize business investment for sustainable profit growth in the mid to long term
- Further enhance our ability to adapt to changes in the environment and overcome uncertainties

Appendix

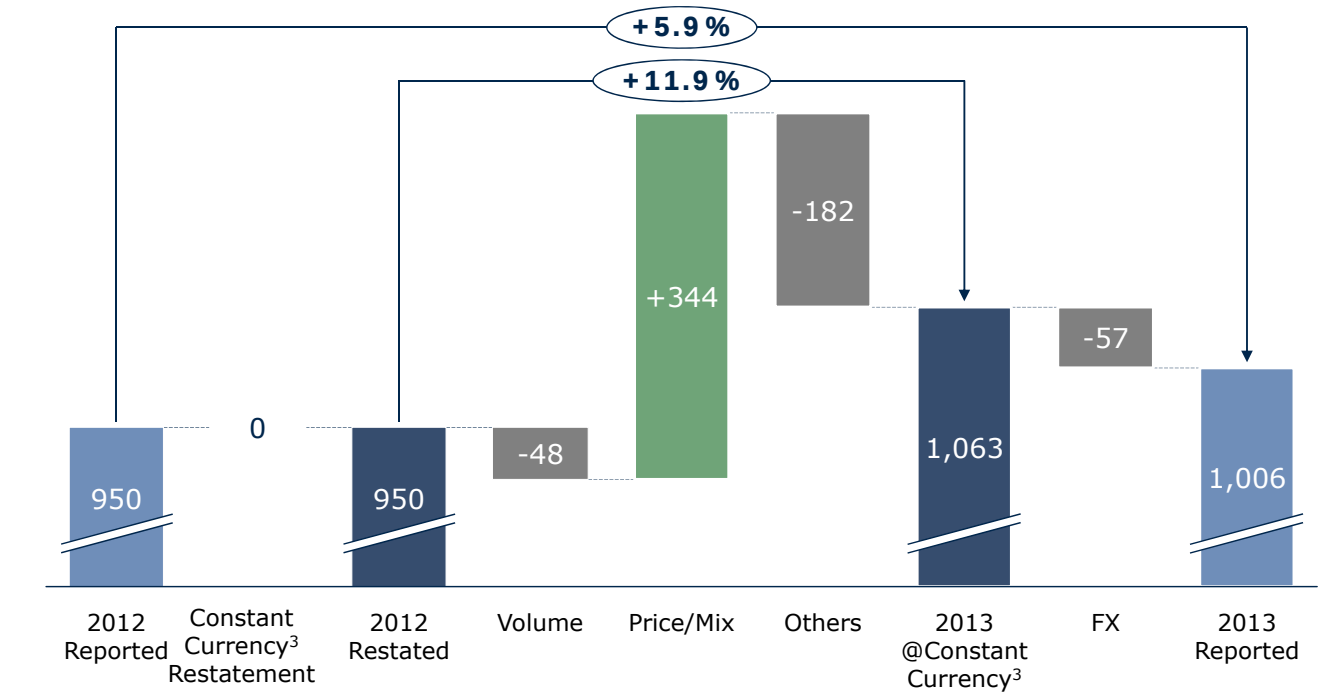
<Back up data> JT International(Oct-Dec results)
Core Revenue

Core Revenue[6]



<Back up data> JT International(Oct-Dec results)
Adjusted EBITDA

Adjusted EBITDA[1]



<Back up data> JT International
Total Shipment Volume Growth by Cluster and Selected Markets vs. PY

	2013 Jan-Mar	2013 Apr-Jun	2013 Jul-Sep	2013 Oct-Dec	2013 Jan-Dec
JTI	**-6.4%**	**-3.9%**	**-5.1%**	**-3.2%**	**-4.6%**
South & West Europe	**-2.0%**	**-3.4%**	**-0.4%**	**-5.4%**	**-2.8%**
France	8.3%	14.3%	9.6%	0.6%	8.1%
Italy	-15.7%	-15.9%	-1.7%	-7.7%	-10.4%
Spain	1.7%	-10.3%	-10.9%	-5.6%	-6.5%
North & Central Europe	**-3.0%**	**1.5%**	**5.4%**	**0.0%**	**1.0%**
Austria	4.2%	0.7%	3.4%	0.9%	2.2%
Ireland	4.0%	0.5%	5.9%	0.0%	2.6%
Poland	-5.3%	-2.9%	5.5%	-0.9%	-0.9%
Sweden	10.5%	6.5%	3.9%	-0.7%	4.8%
UK	-8.2%	-3.6%	-0.8%	-4.8%	-4.3%
CIS+	**-5.6%**	**-5.7%**	**-7.5%**	**-5.8%**	**-6.2%**
Kazakhstan	-5.9%	1.1%	-7.7%	-8.4%	-5.2%
Romania	1.5%	-0.8%	0.5%	1.4%	0.6%
Russia	-4.3%	-7.9%	-10.3%	-8.6%	-8.0%
Ukraine	-17.2%	-6.8%	-4.3%	-6.1%	-8.4%
Rest of the World	**-11.0%**	**-3.2%**	**-7.8%**	**0.6%**	**-5.3%**
Canada	-8.7%	-0.3%	4.4%	6.4%	0.7%
Malaysia	-5.8%	4.2%	-9.1%	-7.3%	-4.5%
Taiwan	2.9%	0.9%	1.9%	2.7%	2.1%
Turkey	3.0%	-3.8%	-3.2%	9.9%	1.3%

Total Shipment Volume: Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products and waterpipe tobacco products

<Back up data> JT International
GFB Shipment Volume Growth by Cluster vs. PY

	2013 Jan-Mar	2013 Apr-Jun	2013 Jul-Sep	2013 Oct-Dec	2013 Jan-Dec
JTI	**-4.5%**	**-0.3%**	**-1.8%**	**3.1%**	**-0.8%**
South & West Europe	**-7.7%**	**-8.6%**	**-2.1%**	**-1.3%**	**-5.0%**
North & Central Europe	**-0.9%**	**5.2%**	**10.5%**	**6.1%**	**5.3%**
CIS+	**0.8%**	**3.3%**	**-2.6%**	**1.3%**	**0.7%**
Rest of the World	**-11.4%**	**-2.4%**	**-4.6%**	**8.6%**	**-2.5%**

<Back up data> JT International
GFB Shipment Volume

(BnU)	2013 Jan-Mar	2013 Apr-Jun	2013 Jul-Sep	2013 Oct-Dec	2013 Jan-Dec
GFB Shipment Volume	**58.4** (-4.5%)	**69.5** (-0.3%)	**70.3** (-1.8%)	**68.4** (+3.1%)	**266.6** (-0.8%)
Winston	**29.6** (-5.4%)	**37.6** (+3.6%)	**36.6** (-1.0%)	**36.7** (+5.1%)	**140.4** (+0.7%)
Camel	**9.1** (-5.2%)	**10.0** (-3.7%)	**10.6** (-1.1%)	**9.9** (-0.8%)	**39.6** (-2.7%)
Mild Seven / MEVIUS	**4.4** (-1.7%)	**4.5** (-5.4%)	**4.9** (-1.1%)	**4.5** (-3.7%)	**18.3** (-3.0%)
B&H	**2.3** (-10.2%)	**2.5** (-2.1%)	**2.7** (-0.4%)	**2.5** (-0.4%)	**9.9** (-3.3%)
Silk Cut	**0.8** (-10.6%)	**0.8** (-14.1%)	**0.8** (-9.1%)	**0.8** (-7.7%)	**3.2** (-10.4%)
LD	**9.8** (+0.2%)	**11.4** (-4.2%)	**12.1** (-2.3%)	**11.5** (+5.5%)	**44.9** (-0.4%)
Sobranie	**0.5** (+32.9%)	**0.6** (+26.4%)	**0.6** (+14.0%)	**0.7** (+23.6%)	**2.2** (+23.3%)
Glamour	**1.8** (-11.5%)	**2.2** (-12.4%)	**2.0** (-17.7%)	**1.9** (-7.5%)	**7.9** (-12.5%)

Note: Figures in () are percent change versus previous year

<Back up data> JT International
Tax and Price Increase

	excise tax change	price increase
France	*Jan, Jul i) 2013* *Jan 2014*	*Oct 2012* *Jul 2013* *Jan 2014*
Italy	-	*Mar 2013*
Russia	*Jan, Jul 2012* *Jan 2013* *Jan 2014*	*Jun, Dec 2012* *Jun, Dec 2013*
Spain	*Apr, Sep i) 2012* *Jan、Jun i) 2013*	*Apr, Sep 2012* *Jan, Jul 2013*
Taiwan	-	*Aug-Sep ii) 2012* *Jul, Sep-Oct ii) 2013*
Turkey	*Jan, Jul 2013* *Jan 2014*	*Jan 2013* *Jan 2014*
UK	*Mar 2012* *Mar 2013*	*Mar, Sep 2012* *Mar, Sep 2013*

i)Tax Structure change
ii)Price increase for some brands each month

<Back up data> JT International Share of Key Markets(12 Month Average)

	2012 Dec	2013 Dec
France	17.6%	20.2%
Italy	21.4%	21.6%
Russia	36.4%	36.3%
(GFB)	21.9%	23.2%
Spain	20.8%	21.5%
Taiwan	38.9%	39.4%
Turkey	26.3%	26.7%
UK	39.4%	40.7%

Source: IRI, Nielsen, Logista

(Reference)		
France	17.4%	20.1%

Source: Logista

<Back up data> JT International Share of Key Markets(3 Month Average)

	2012 Oct-Dec	2013 Jan-Mar	2013 Apr-Jun	2013 Jul-Sep	2013 Oct-Dec
France	20.2%	20.1%	20.1%	20.3%	20.4%
Italy	21.6%	21.7%	21.9%	21.7%	21.3%
Russia	36.0%	36.3%	36.2%	36.5%	36.2%
(GFB)	22.2%	22.5%	23.1%	23.6%	23.7%
Spain	21.2%	21.1%	21.9%	21.1%	22.1%
Taiwan	38.5%	39.5%	40.0%	39.9%	38.3%
Turkey	26.5%	26.1%	26.8%	26.9%	26.9%
UK	40.2%	40.4%	40.5%	40.9%	41.1%

Source: IRI, Nielsen, Logista

(Reference)					
France	19.9%	20.1%	19.8%	20.2%	20.3%

Source: Logista

<Back up data>
FX Actual vs. PY

	2013 Jan-Mar	2013 Apr-Jun	2013 Jul-Sep	2013 Oct-Dec	2013 Jan-Dec
RUB/$	30.40 (-0.8%)	31.65 (-1.9%)	32.78 (-2.4%)	32.53 (-4.5%)	31.84 (-2.4%)
GBP/$	0.64 (-1.1%)	0.65 (-3.0%)	0.65 (-1.9%)	0.62 (+0.8%)	0.64 (-1.3%)
EUR/$	0.76 (+0.8%)	0.77 (+1.7%)	0.75 (+5.9%)	0.73 (+4.9%)	0.75 (+3.3%)
CHF/$	0.93 (-0.9%)	0.94 (-0.7%)	0.93 (+3.3%)	0.90 (+3.1%)	0.93 (+1.2%)
TWD/$	29.47 (+0.8%)	29.85 (-0.8%)	29.85 (-0.1%)	29.55 (-1.3%)	29.68 (-0.4%)
JPY/$	92.46 (-14.2%)	98.78 (-18.8%)	98.93 (-20.5%)	100.37 (-19.2%)	97.73 (-18.3%)

<Back up data>
Basic EPS, DPS, Payout Ratio

	FY2012 Act	FY2013 Forecast	Change
Baisc EPS (JPY)*	181.07	232.74	+51.67
DPS (JPY)	68.00	92.00	+24.00
Payout ratio (%)**	37.6%	39.5%	+1.9ppt

	FY 2012 Apr-Dec	FY 2013 Apr-Dec	Change
Basic EPS (JPY)*	138.47	197.68	+59.21

*Based on profit attributable to owners of the parent
**Payout ratio=Dividend per share/Basic EPS

<Footnotes>

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 Profit:	Profit attributable to owners of the parent
3 Constant Currency: (International Tobacco Business)	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.
4 Total Sales Volume: (Japanese Domestic Tobacco Business)	Excludes sales volume of domestic duty free and the China business
5 Core Revenue: (Japanese Domestic Tobacco Business)	Excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others
6 Core Revenue: (International Tobacco Business)	Includes revenue from waterpipe tobacco products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses

[This slide intentionally left blank]

[Reference Material]

Analysis of Consolidated Financial Results for FY2013 Third Quarter (April 1, 2013 through December 31, 2013)

*Please be reminded that the figures shown on these slides may differ from those shown in the financial statements as they are intended to facilitate the understanding of individual businesses.
*Please refer to slide 21 for each indicator.

Caution concerning Forward-Looking Statements

FORWARD-LOOKING STATEMENTS

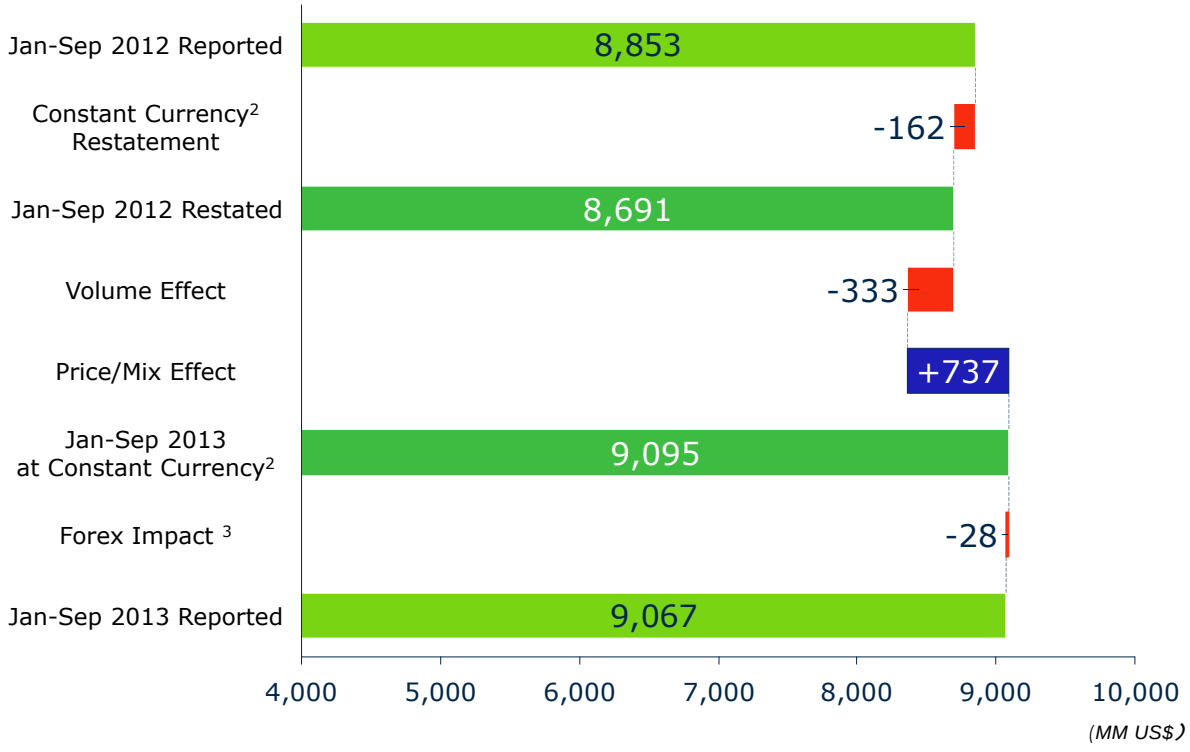
This presentation contains forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations.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

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

(1) decrease in demand for tobacco products in key markets;
(2) restrictions on promoting, marketing, packaging, labeling and usage of tobacco products in markets in which we operate;
(3) increases in excise, consumption or other taxes on tobacco products in markets in which we operate;
(4) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products ;
(5) our ability to realize anticipated results of our acquisition or other similar investments;
(6) competition in markets in which we operate or into which we seek to expand;
(7) deterioration in economic conditions in areas that matter to us;
(8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;
(9) fluctuations in foreign exchange rates and the costs of raw materials; and
(10) catastrophes, including natural disasters.

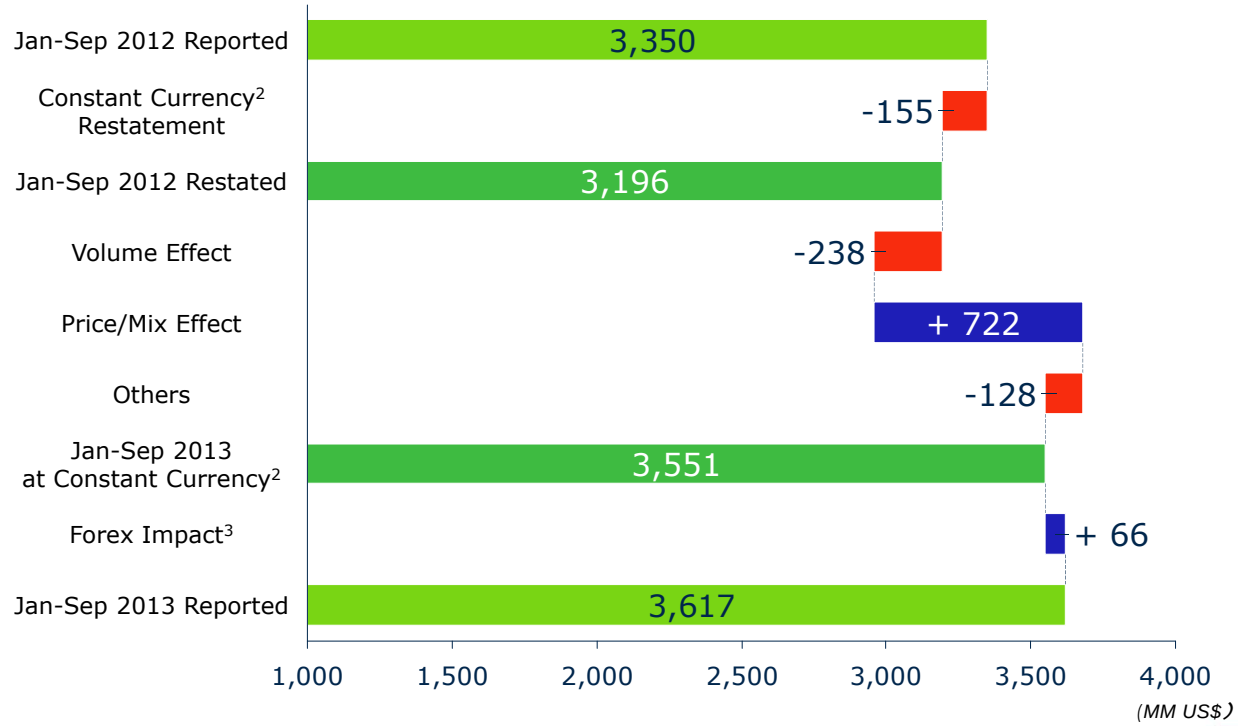
Financial Results for FY2013 Third Quarter (April1, 2013 through December 31, 2013)

- International Tobacco Business – Core Revenue [1]

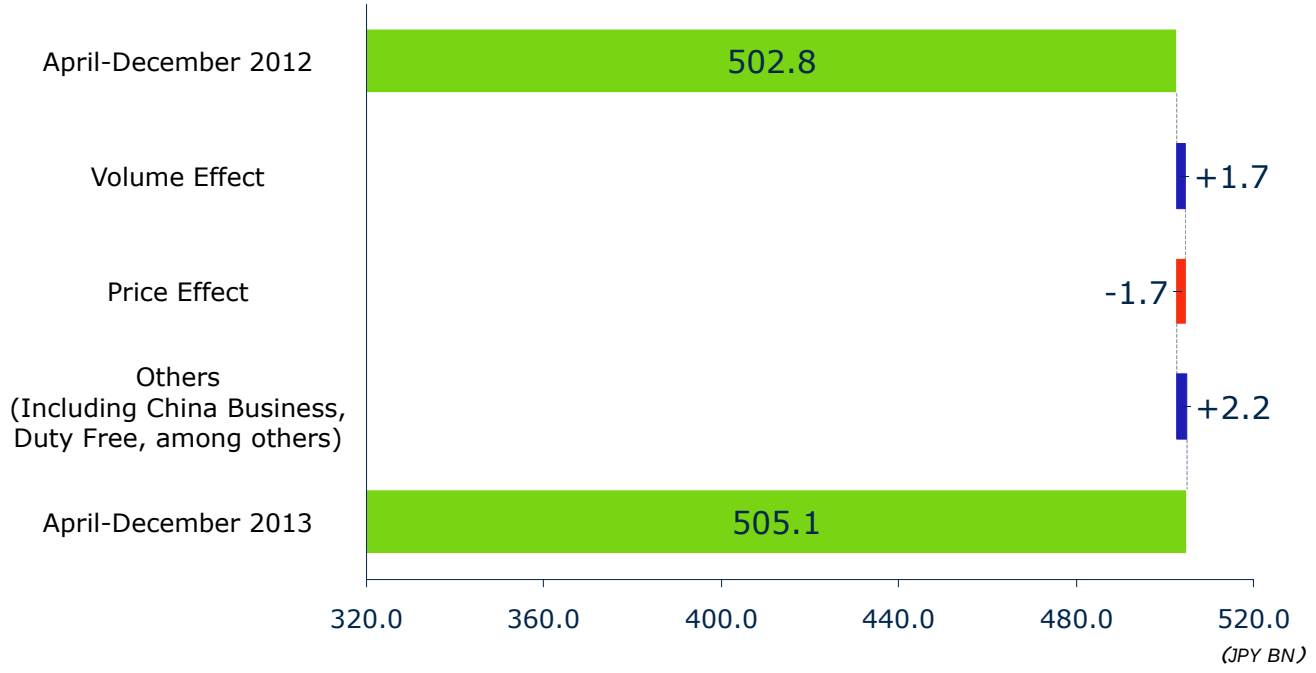


Financial Results for FY2013 Third Quarter (April1, 2013 through December 31, 2013)

- International Tobacco Business – Adjusted EBITDA [4]

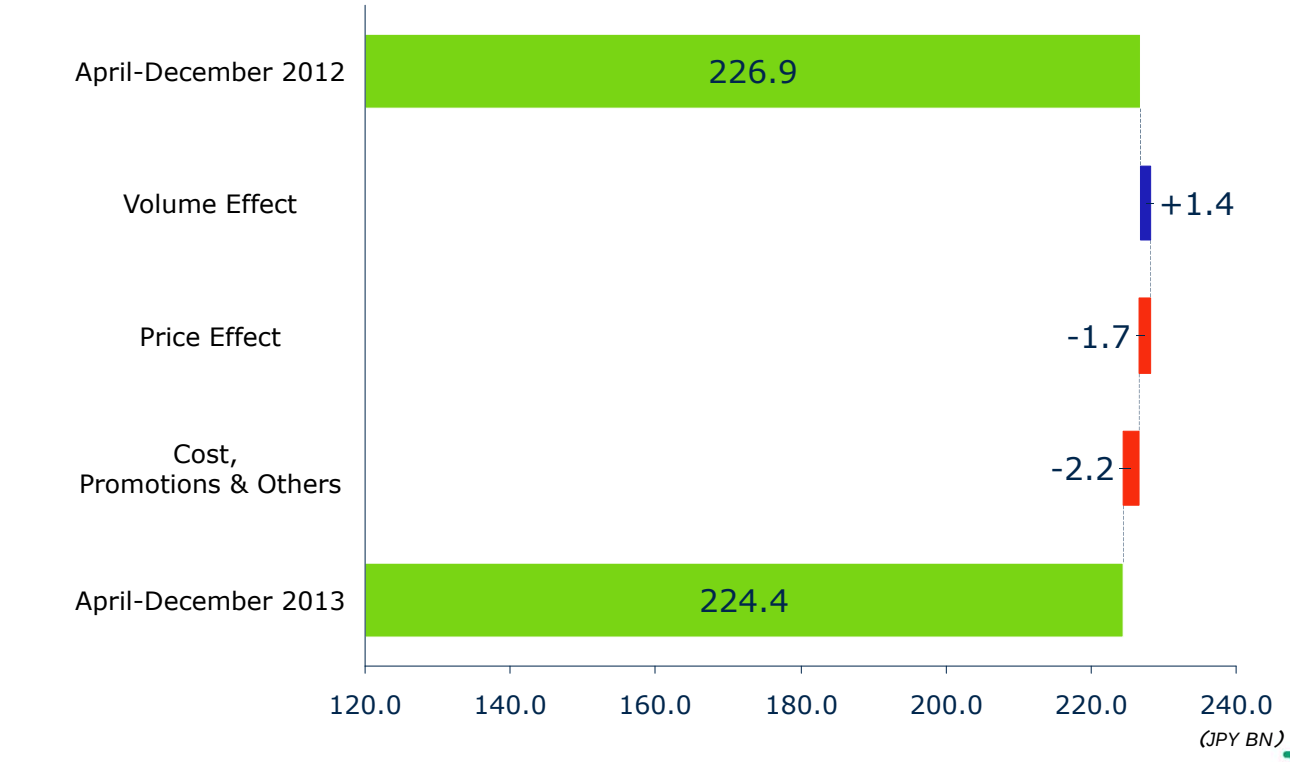


Japanese Domestic Tobacco Business – Core Revenue [5]



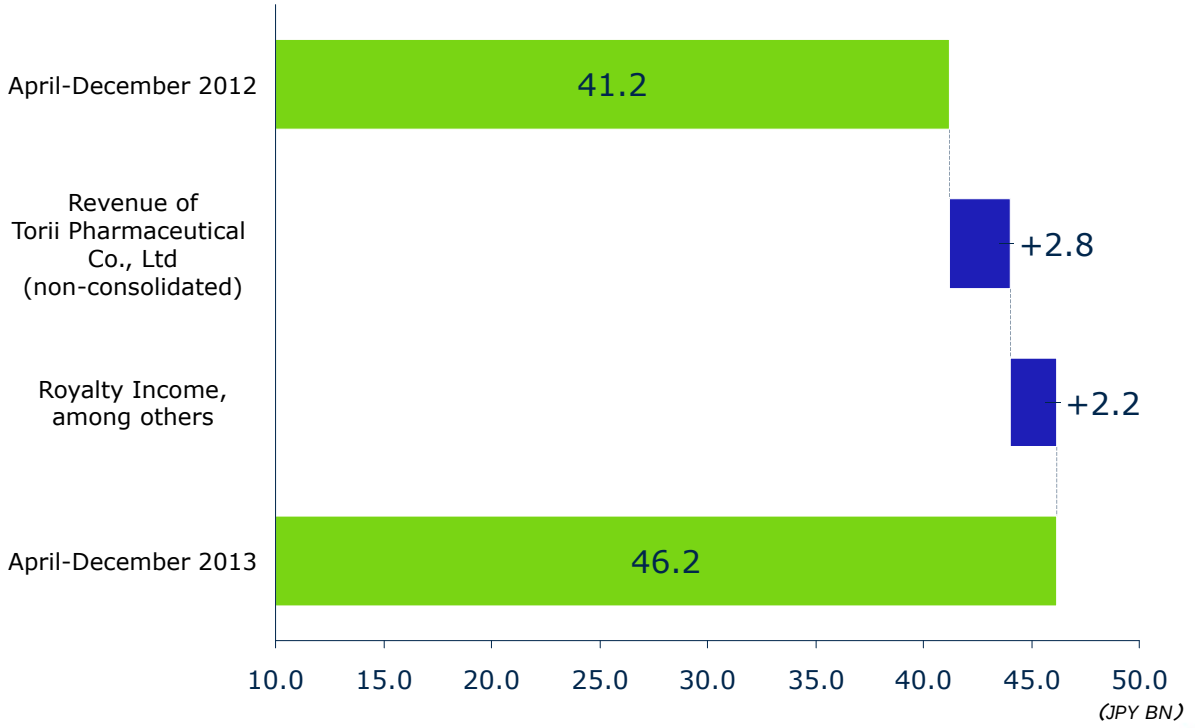
Financial Results for FY2013 Third Quarter (April1, 2013 through December 31, 2013)

Japanese Domestic Tobacco Business – Adjusted EBITDA [4]



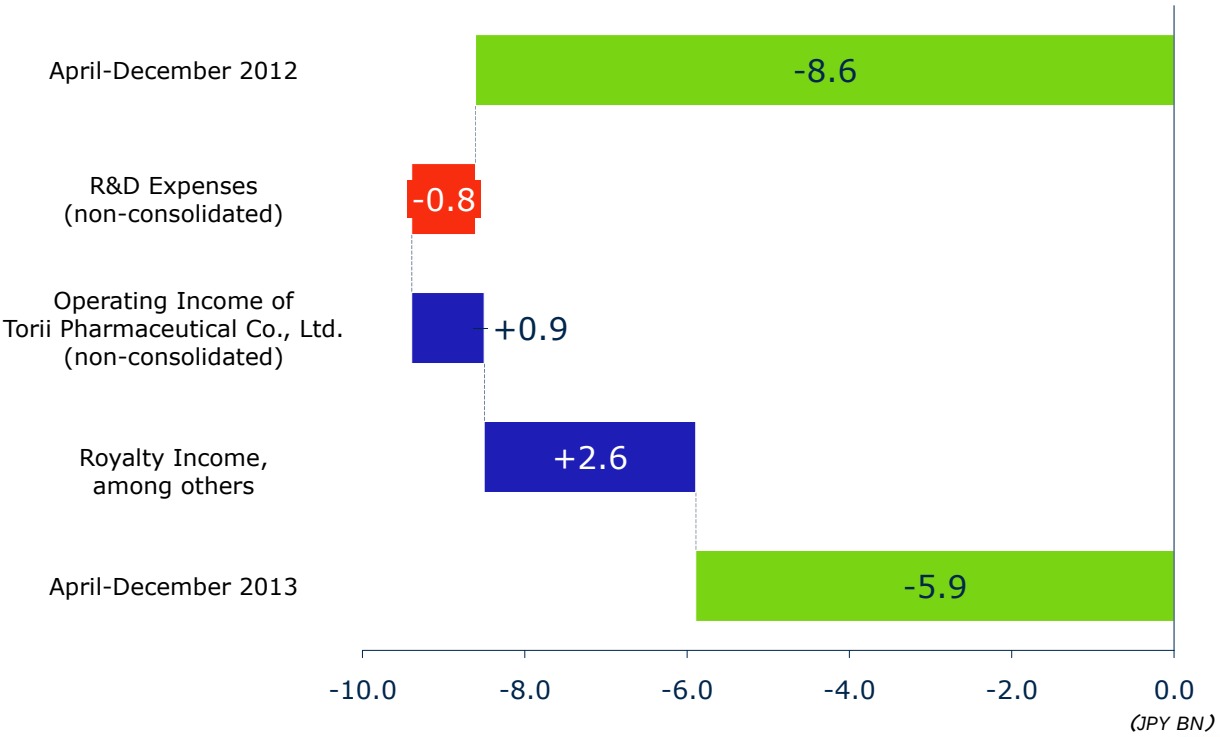
Financial Results for FY2013 Third Quarter (April1, 2013 through December 31, 2013)

Pharmaceutical Business – Revenue



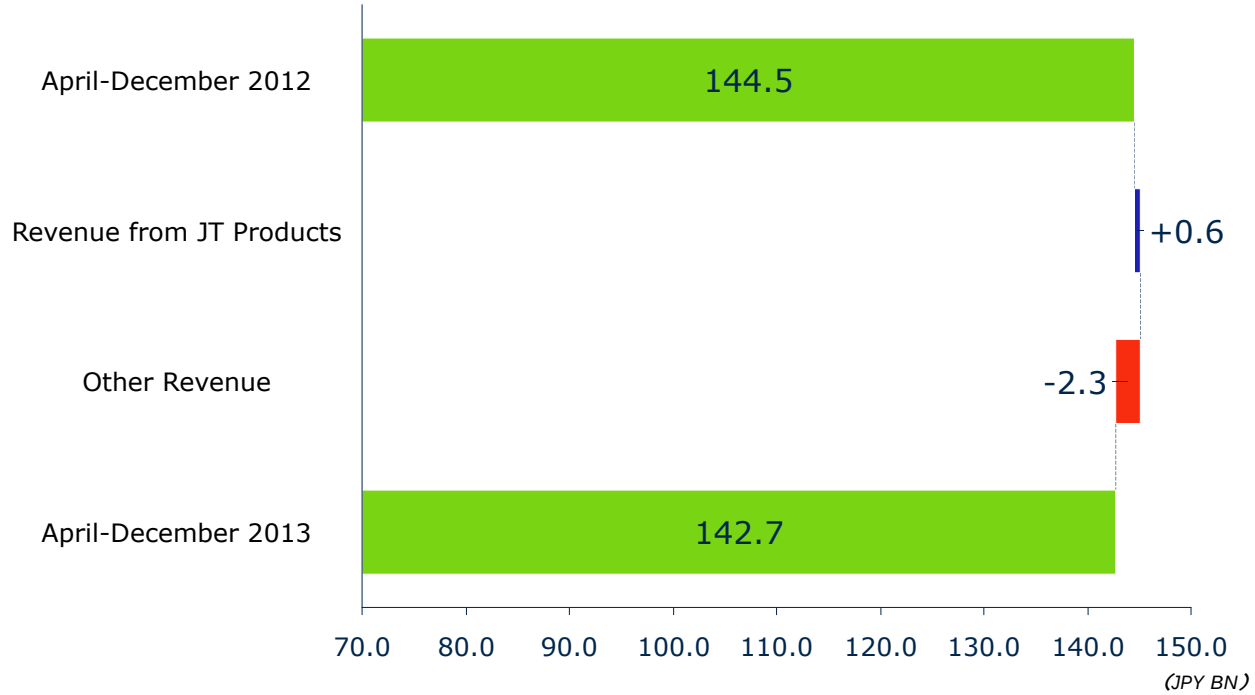
Financial Results for FY2013 Third Quarter (April1, 2013 through December 31, 2013)

Pharmaceutical Business – Adjusted EBITDA [4]



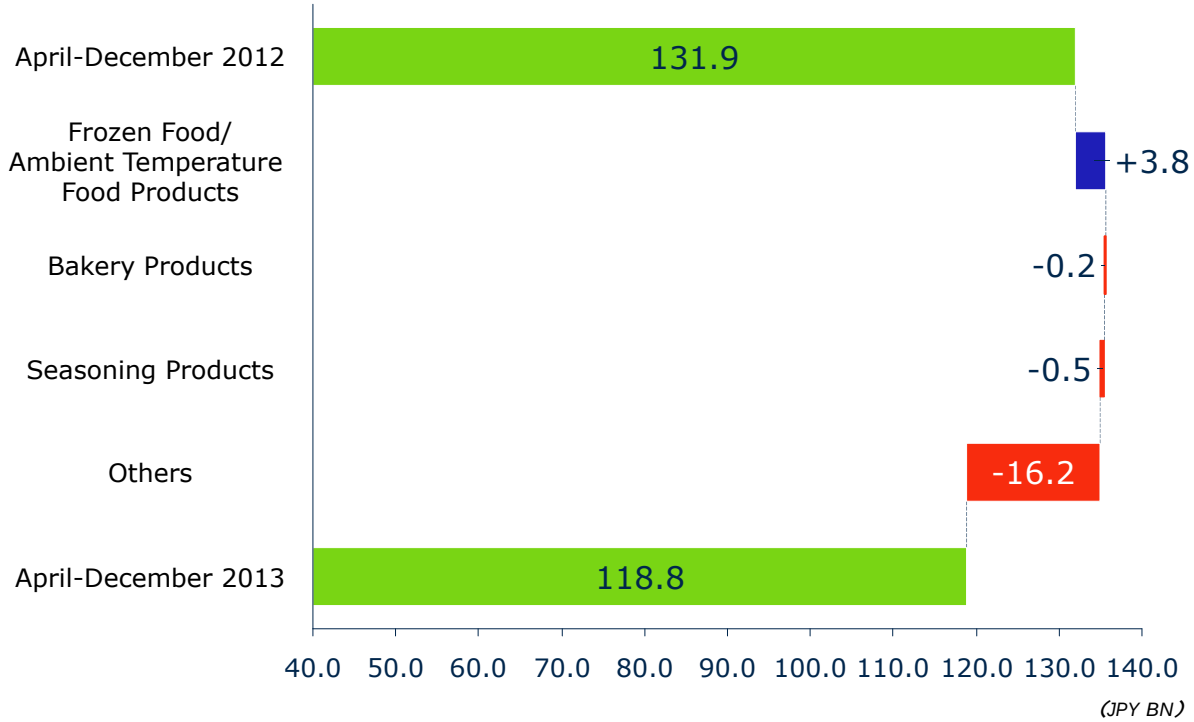
Financial Results for FY2013 Third Quarter (April1, 2013 through December 31, 2013)

Beverage Business - Revenue



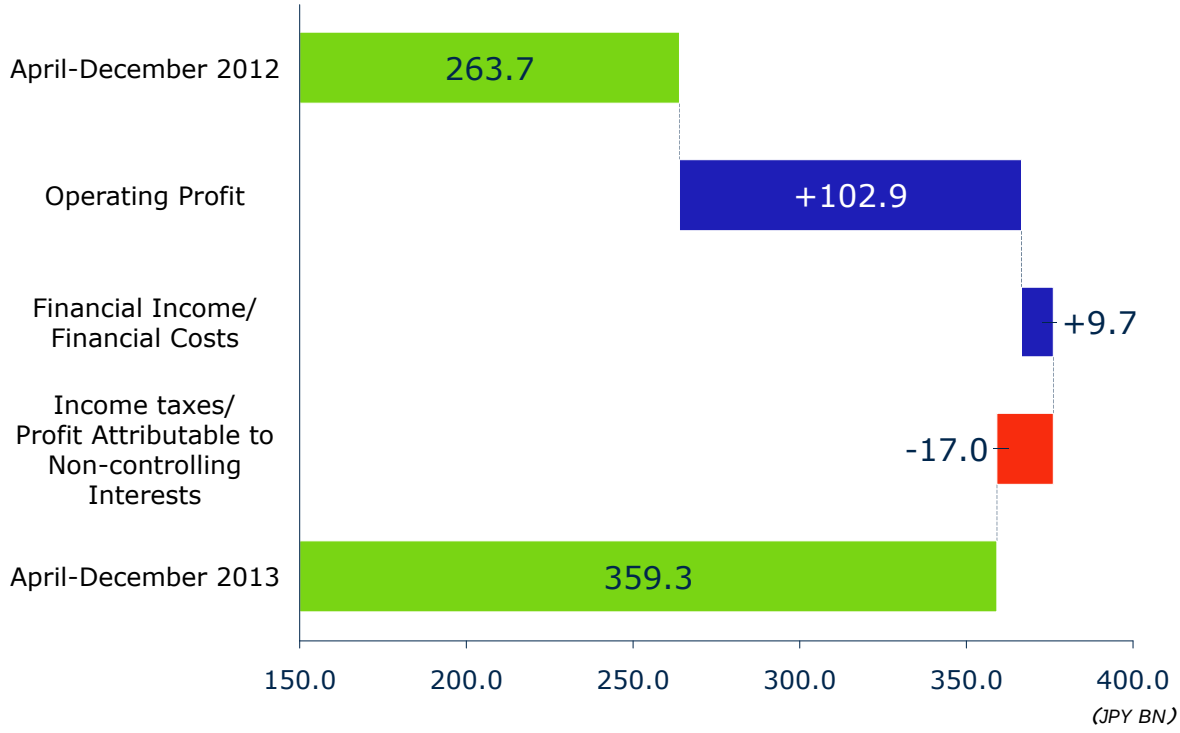
Financial Results for FY2013 Third Quarter (April1, 2013 through December 31, 2013)

Processed Food Business - Revenue



(Note) Year-on-year change in revenue of processed fishery products are included in 'others'

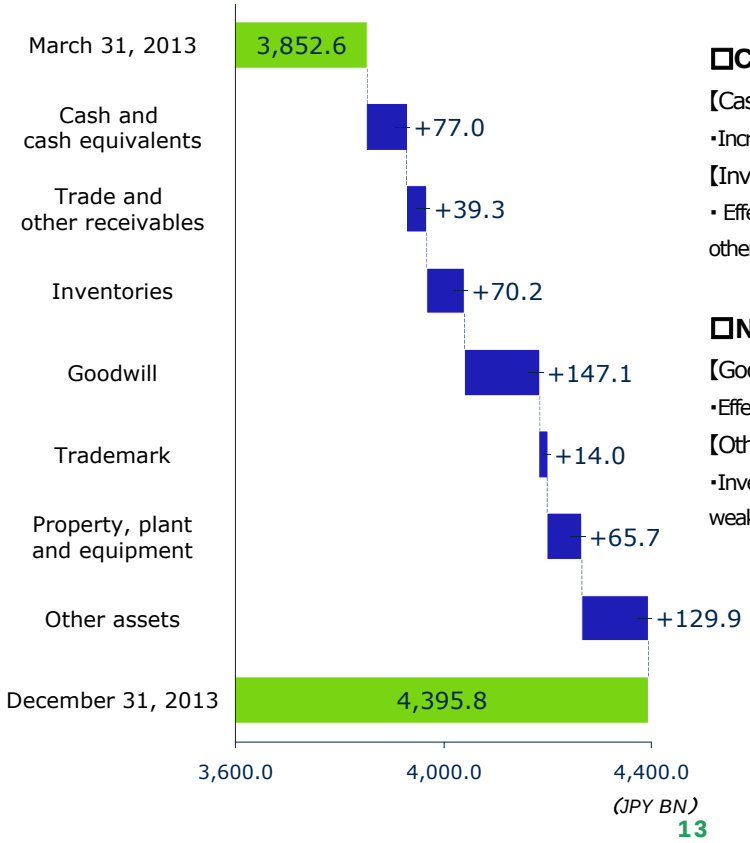
Profit Attributable to Owners of the Parent



[This slide intentionally left blank]

Summary of Consolidated Statement of Financial Position as of December 31, 2013

◘ Assets compared to statement of financial position as of March 31, 2013



◘Current Assets: Up JPY 213.0 BN

【Cash and cash equivalents】 Up JPY 77.0 BN

・Increase in Adjusted EBITDA and effect of weak yen, among others

【Inventories】 Up JPY 70.2 BN

・ Effect of weak yen in the International Tobacco Business, among others

◘Non-current Assets:Up JPY 330.2 BN

【Goodwill】 Up JPY 147.1 BN

・Effect of weak yen

【Other assets】 Up JPY 129.9 BN

・Invest in Megapolis in the International Tobacco Business, effect of weak yen, among others

13

Summary of Consolidated Statement of Financial Position as of December 31, 2013

◘ Liabilities and Equity compared to statement of financial position as of March 31, 2013



◘Liabilities:Up JPY 122.5 BN

【Bonds】 Up JPY 61.2 BN

・Increase in U.S. Dollar bond

【Tobacco excise tax payables, etc】 Up JPY 53.4 BN

・Effect of weak yen in the International Tobacco Business, among others

◘Equity:Up JPY 420.7 BN

【Exchange differences on translation of foreign operations】 Up JPY 207.7 BN

・Effect of weak yen

【Retained earnings】 Up JPY 205.1 BN

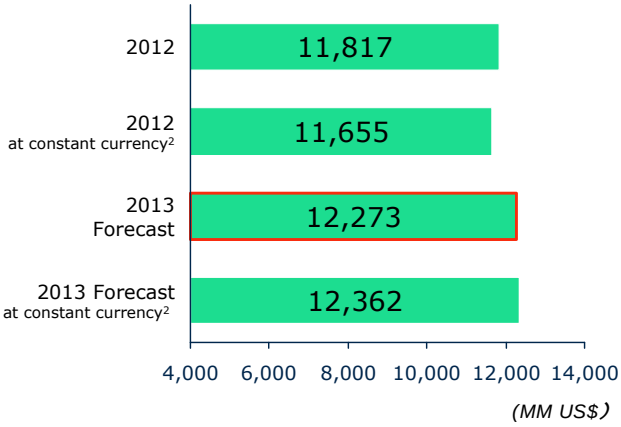
・Profit increase more than offset dividend payment

14

Forecast for FY2013 (Apr,2013-Mar,2014) compared to FY2012results

- International Tobacco Business
  - Dollar based Core Revenue[1]/Adjusted EBITDA[4]

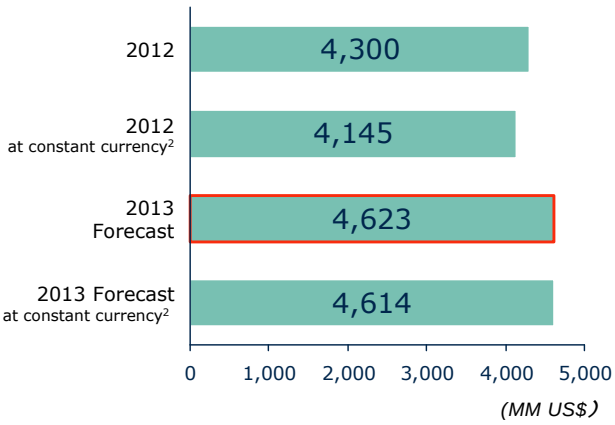
● **Core Revenue[1]**



【Positive factors】
- Price and product mix effect

【Negative factors】
- Volume effect

● **Adjusted EBITDA[4]**



【Positive factors】
- Price and product mix effect

【Negative factors】
- Volume effect

Forecast for FY2013 (Apr,2013-Mar,2014) compared to FY2012results

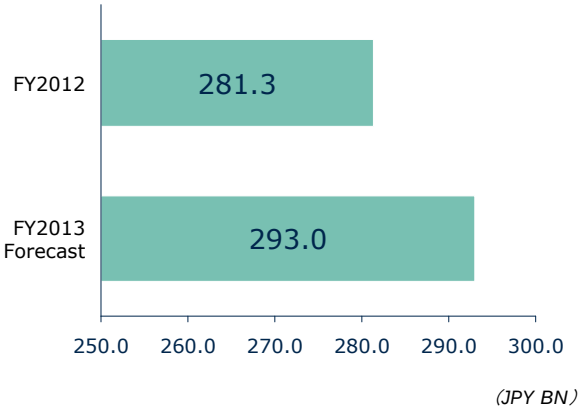
- Japanese Domestic Tobacco Business - Core Revenue[5]/Adjusted EBITDA[4]

● **Core Revenue[5]**



【Positive factors】
- Share recovery and increase in JT total sales volume from temporary demand increase prior to consumption tax hike
  116.2 BNU → 119.0 BNU

● **Adjusted EBITDA[4]**

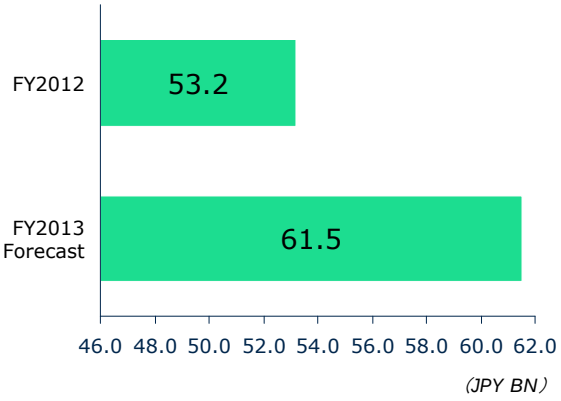


【Positive factors】
- Share recovery and increase in JT total sales volume from temporary demand increase prior to consumption tax hike
  116.2 BNU → 119.0 BNU

Forecast for FY2013 (Apr,2013-Mar,2014) compared to FY2012results

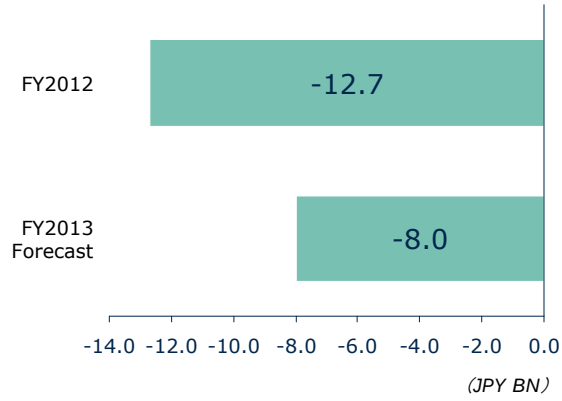
◘ Pharmaceutical Business - Revenue/Adjusted EBITDA[4]

- **Revenue**



【Positive factors】
- ❑ Increase in sales of Torii Pharmaceutical Co., Ltd.
- ❑ Increase in milestone and royalty revenue for JT

- **Adjusted EBITDA[4]**



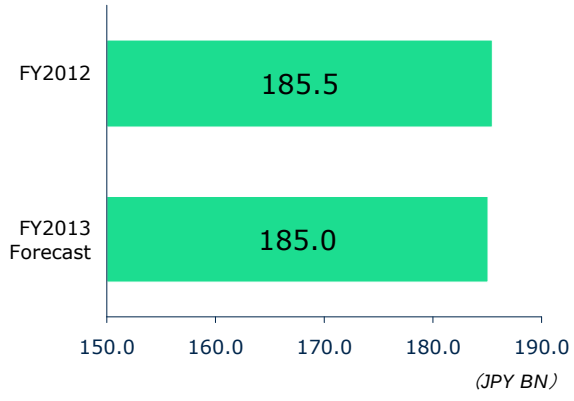
【Positive factors】
- ❑ Increase in profits at Torii Pharmaceutical Co. ,Ltd.
- ❑ Increase in milestone and royalty revenue for JT

【Negative factors】
- ❑ Increase in R&D expenses

Forecast for FY2013 (Apr,2013-Mar,2014) compared to FY2012results

◘ Beverage Business– Revenue/Adjusted EBITDA[4]

- **Revenue**



【Positive Factors】
- ❑ Increase in sales of JT products due to positive performance of 'Momono Tennen sui'*

* Peach flavored natural water

【Negative factors】
- ❑ Decrease in sales through vending machine channel

- **Adjusted EBITDA[4]**

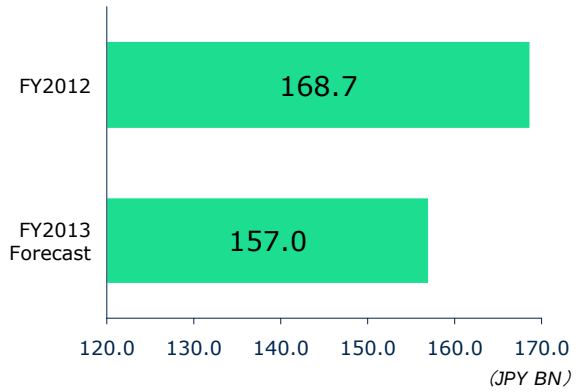


【Negative factors】
- ❑ Cost associated with initiatives to further build high quality vending machine operation and brand equity

Forecast for FY2013 (Apr,2013-Mar,2014) compared to FY2012results

Processed Food Business– Revenue/Adjusted EBITDA[4]

- **Revenue**



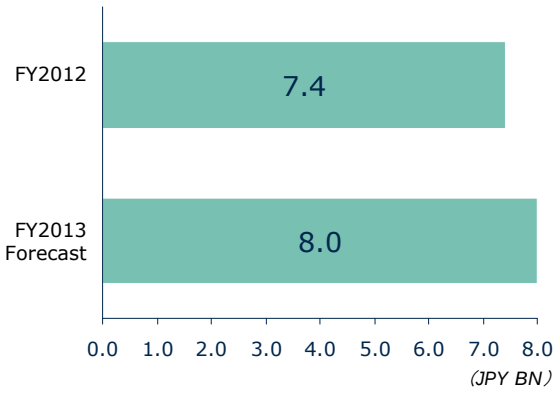
【Positive factors】

- Growth of staple food products

【Negative factors】

- Decrease in revenue from withdrawal from processed fishery products business

- **Adjusted EBITDA[4]**

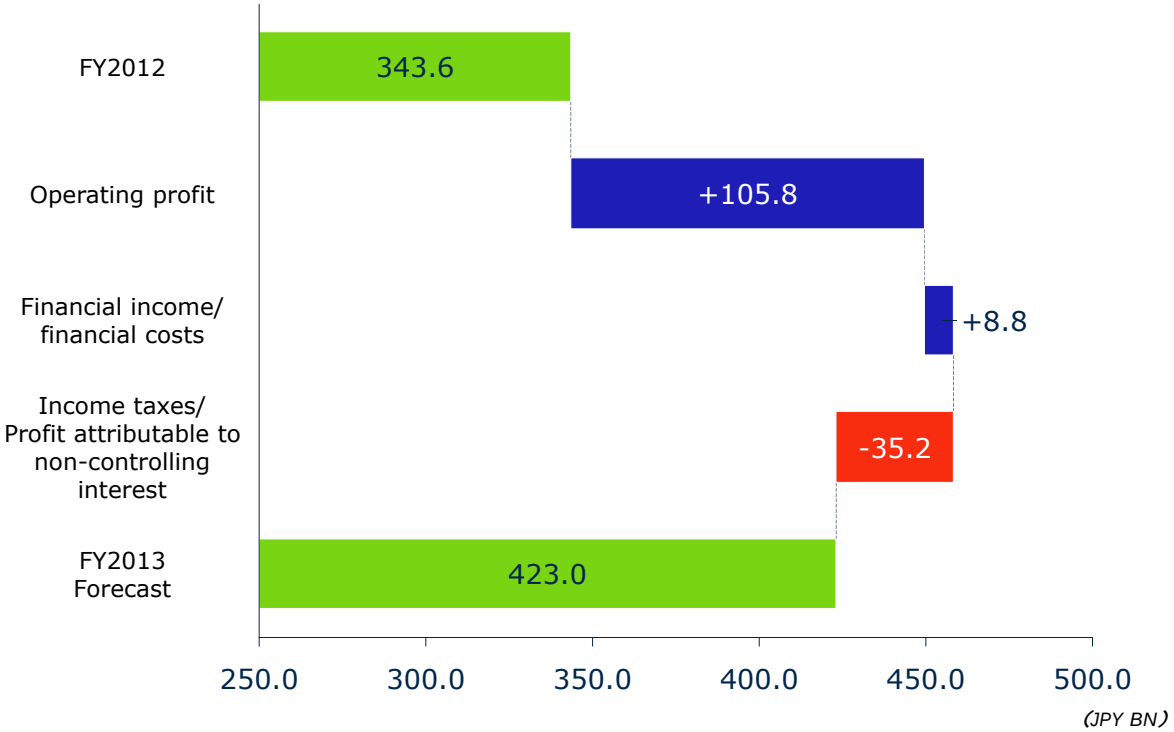


【Positive factors】

- Improved profitability through focus on staple food products and cost reduction efforts, among others

Forecast for FY2013 (Apr,2013-Mar,2014) compared to FY2012results

Profit attributable to owners of the parent



<Foootnotes>

1 Core Revenue (International tobacco business)	Includes revenue from waterpipe tobacco products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.
2 Constant Currency (International tobacco business)	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.
3 Forex Impact (International tobacco business)	Forex impact is the fluctuation between USD and other currencies
4 Adjusted EBITDA	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
5 Core Revenue (Japanese domestic tobacco business)	Revenue excluding revenues from distribution of imported tobacco in the Japanese domestic tobacco business and other peripheral businesses

[This slide intentionally left blank]

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

-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

※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

※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	—

※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 liabilities※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

※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

※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

* 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.	**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-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. marketing approval 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 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 dabrafenit for the treatment of patients with metastatic melanoma on January 9, 2014.