Announcement : July 30, 2013
Investors' Meeting : July 31, 2013

Consolidated Financial Results for FY2013 First Quarter

(April 1, 2013 through June 30, 2013)

CFO and Executive 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 17.

Caution concerning Forward-Looking Statements

FORWARD-LOOKING STATEMENTS

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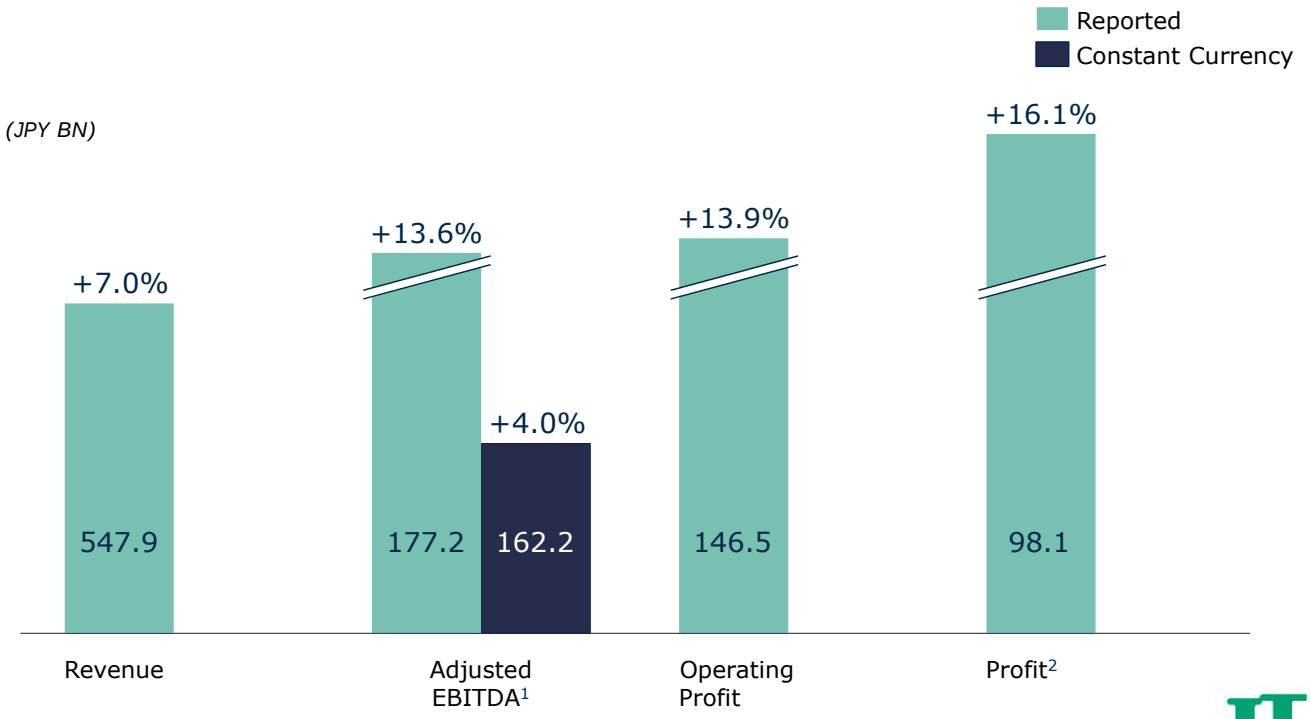
Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

(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

Consolidated financial results:
Off to a solid start in achieving profit targets as all performance measures exceeded figures from prior year

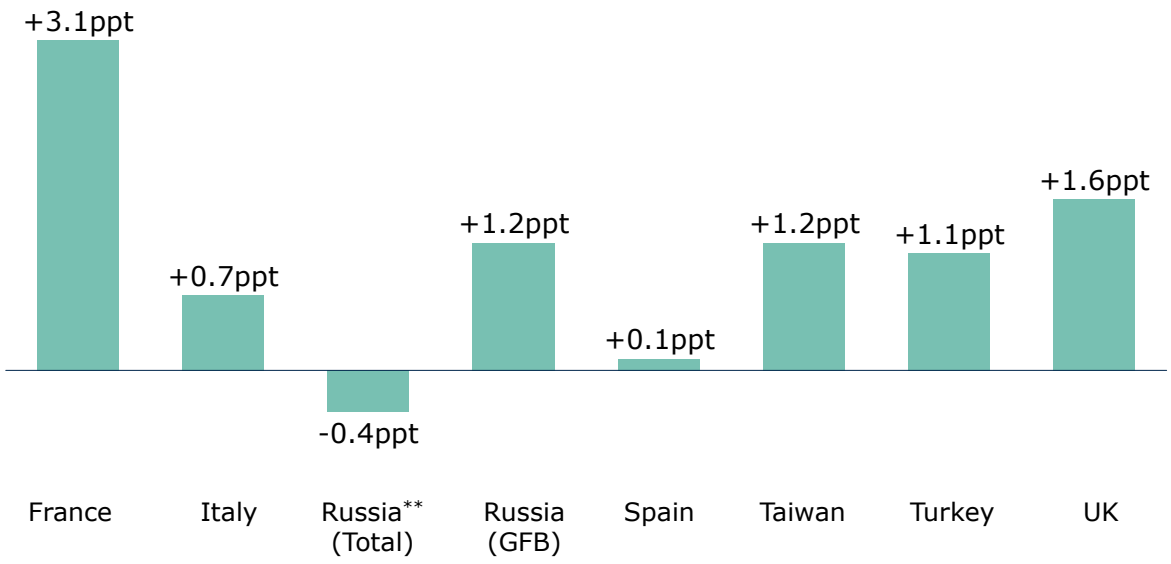
Growth rate of key figures
(Apr-Jun,2012 vs Apr-Jun,2013)



Results by business segment

International tobacco business (Apr-Jun results): Market share growth in most key markets

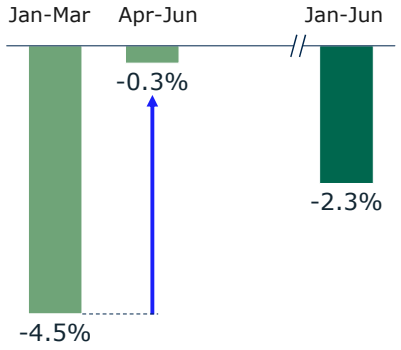
Share of Market variance*



*Share variance vs previous year (June 2012)
12M Moving Avg.
**Share of Value grew 0.4 ppt.
Source: Nielsen, Logista, Altadis

International tobacco business (Apr-Jun results): The rate of volume decline decelerated compared to January-March period and GFB volume stabilized

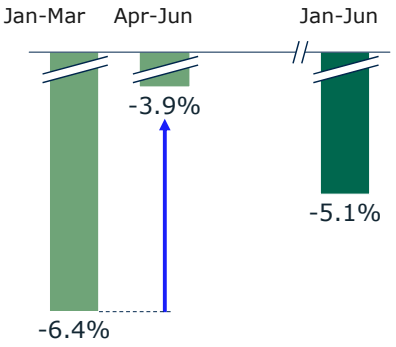
GFB Shipment Volume growth



GFB Shipment Volume growth by cluster

	2013		
	Jan-Mar	Apr-Jun	Jan-Jun
JTI	-4.5%	-0.3%	-2.3%
S&WE	-7.7%	-8.6%	-8.1%
N&CE	-0.9%	5.2%	2.1%
CIS+	0.8%	3.3%	2.2%
RoW	-11.4%	-2.4%	-6.9%

Total Shipment Volume[3] growth



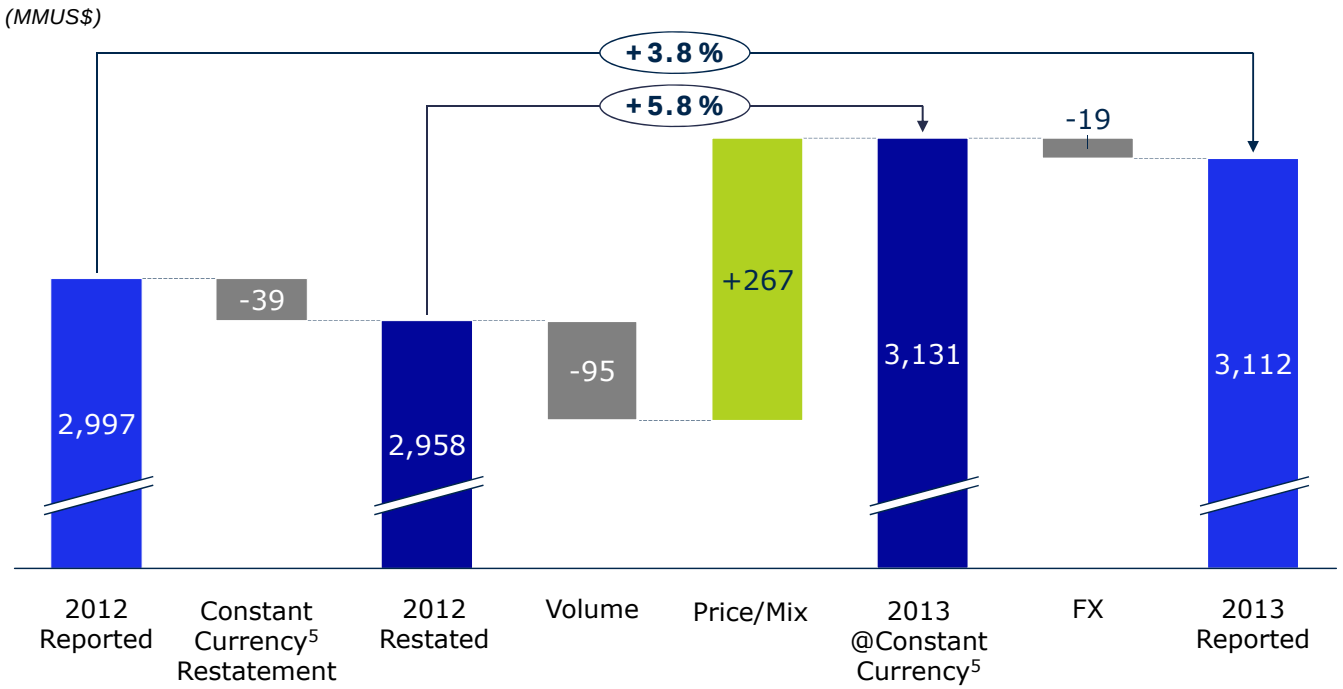
Total Shipment Volume[3] growth by cluster

	2013		
	Jan-Mar	Apr-Jun	Jan-Jun
JTI	-6.4%	-3.9%	-5.1%
S&WE	-2.0%	-3.4%	-2.7%
N&CE	-3.0%	1.5%	-0.8%
CIS+	-5.6%	-5.7%	-5.6%
RoW	-11.0%	-3.2%	-7.0%

Note: all figures are percent change versus previous year

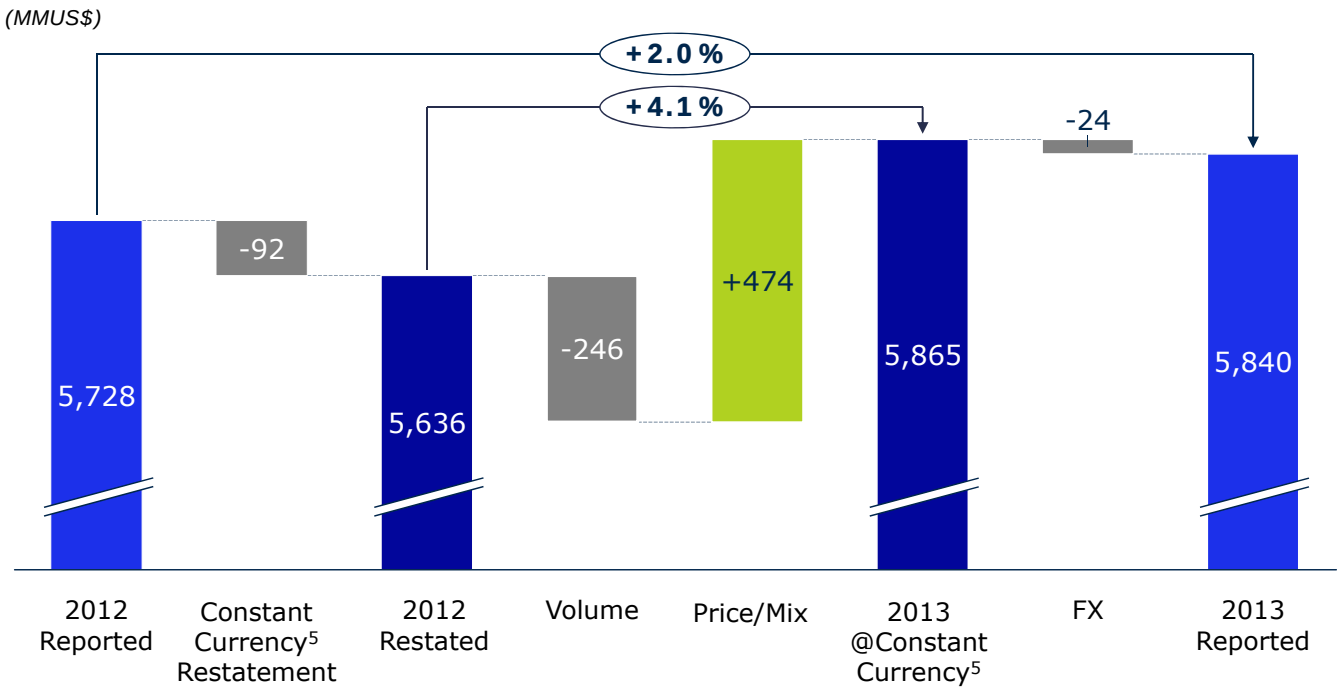
International tobacco business (Apr-Jun results): Core revenue at constant currency increased 5.8% driven by pricing

Core Revenue[4]



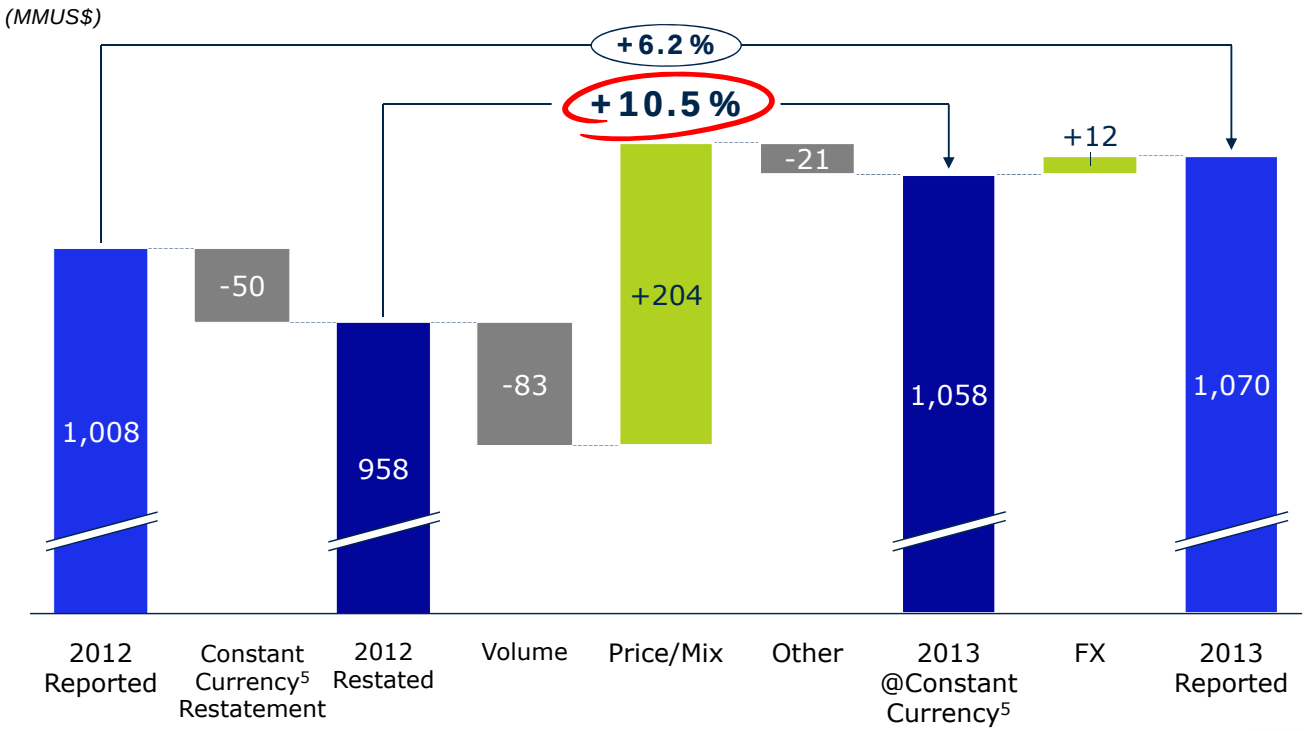
International tobacco business (Jan-Jun results): Core revenue at constant currency increased 4.1%

Core Revenue[4]



International tobacco business (Jan-Mar results): Price/Mix drove adjusted EBITDA growth

Adjusted EBITDA[1]

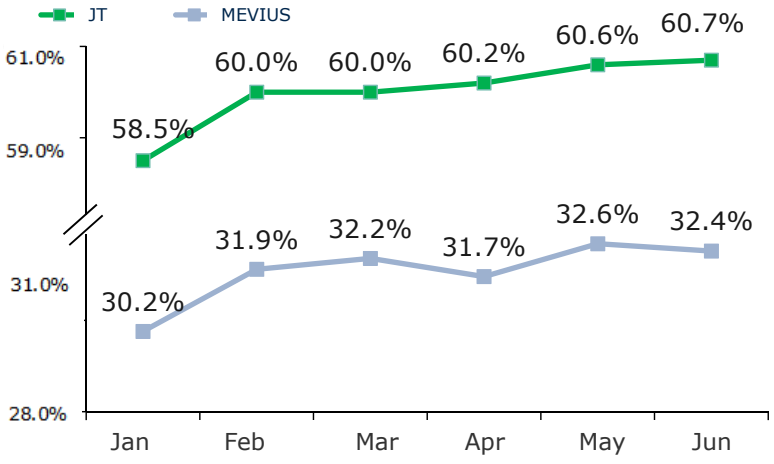


Japanese domestic tobacco business:
Favorable market share growth of MEVIUS drove JT market share

MEVIUS Initiatives

- Early Feb — MILD SEVEN to MEVIUS: Brand name change
- Early March — MEVIUS Premium Menthol 8: New product launch
- Mid May — MEVIUS Premium Menthol Option: Simultaneous launch of 3 new products

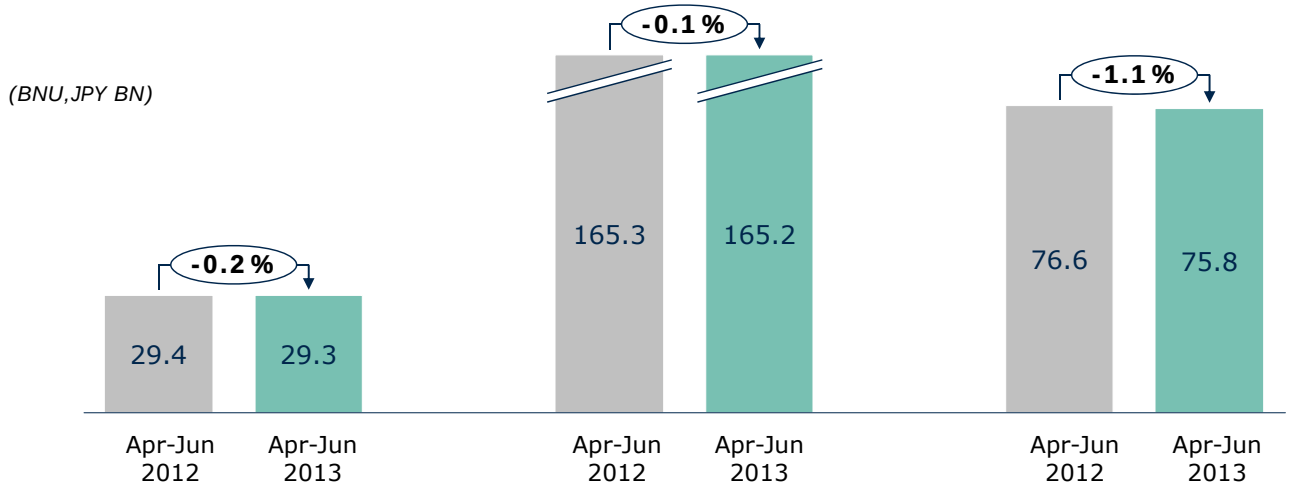
Share movement of JT and MEVIUS



Source: TIOJ,JT Estimate

Japanese domestic tobacco business:
Total sales volume was almost flat year-on-year driven by market share growth, in spite of industry contraction

Sales Volume[6] | Core Revenue[7] | Adjusted EBITDA[1]



Pharmaceutical business:
Sale of Stribild combination tablets commenced in Japan

Revenue

Torii Pharmaceutical Co, Ltd.

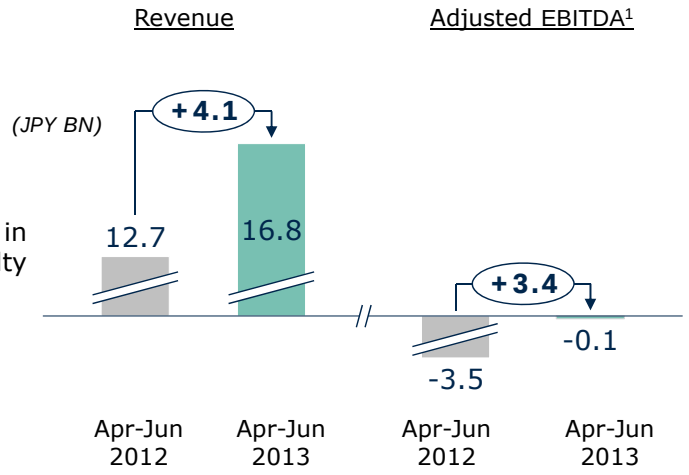
- Sales increase of REMITCH capsules and Truvada tablets

JT

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

Adjusted EBITDA

- Improvement of JPY 3.4 bn from increase in revenue



【Progress in clinical trials and product launch】

- Stribild Combination tablets (HIV Infection)
  - ✓ At JT: Sale commenced by Torii Pharmaceutical (May 14th)
  - ✓ At licensee: Approval obtained in EU (May 28th)
- MEK Inhibitor (trametinib)
  - ✓ At licensee: Approval obtained in U.S. (May 29th)

    Indication: Metastatic melanoma, sold in the U.S. as Mekinist™

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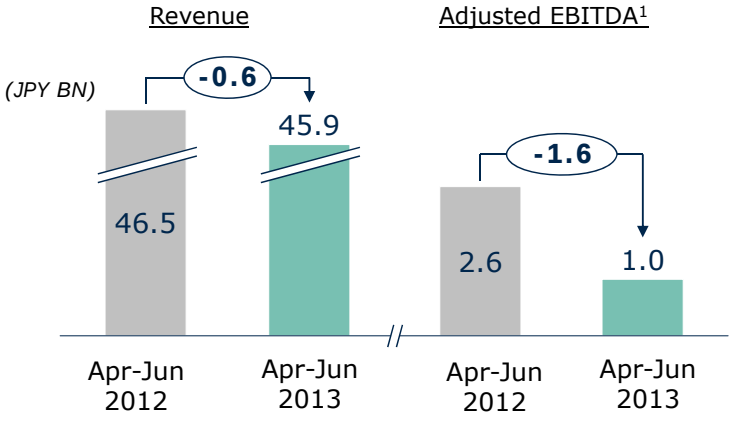
Beverage business:
Profit declined due to investment made in strengthening the trade marketing enhancement while "Momono Tennen-sui" showed favorable performance

Revenue

- Momono Tennen-sui performed favorably, however, revenue was affected by decline in sales of cup-vending machines and intensifying competition in the bottle-can coffee market

Adjusted EBITDA

- Affected by revenue decline as well as increase in expenses for the pursuit of further high quality vending machine operation, sales channel expansion and trade marketing enhancement



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Processed food business:
Steady top-line performance driven by growth in staple food products

Revenue

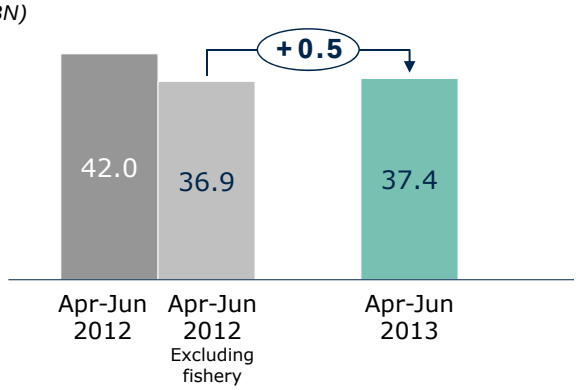
■Excluding processed fishery products business, positive performance in staple food products drove top-line growth

Adjusted EBITDA

■Increase in expenses due to weak yen, offset by top-line growth of staple food products

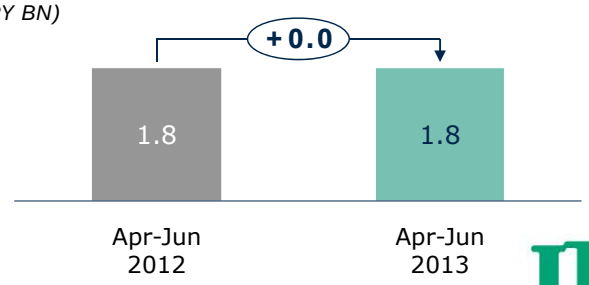
Revenue

(JPY BN)



Adjusted EBITDA[1]

(JPY BN)



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Closing

- Solid start for the first quarter, in line with the annual forecast
- In the international tobacco business, despite soft shipment volume for January-June period, we remain confident about attaining our annual profit forecast
- In the Japanese domestic tobacco business, we continued with our strive for brand equity enhancement of MEVIUS and other core brands
- We will continue to pursue growth in each business segment in order to attain our forecast

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<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 Total Shipment Volume: (International Tobacco Business)	Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products and waterpipe tobacco products
4 Core Revenue: (International Tobacco Business)	Includes revenue from waterpipe tobacco products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses.
5 Constant Currency:	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.
6 Total Sales Volume: (Japanese Domestic Tobacco Business)	Excludes sales volume of domestic duty free and the China business
7 Core Revenue: (Japanese Domestic Tobacco Business)	Excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others

Appendix

<Back up data>
Consolidated financial forecast for FY2013

(JPY BN, %)	FY2012*	**FY2013**	**Change**
Revenue	2,120.2	**2,368.0**	**+11.7%**
Adjusted EBITDA	622.0	**730.0**	**+17.4%**
Operating Profit	532.2	**616.0**	**+15.7%**
Profit	343.6	**415.0**	**+20.8%**
FCF	316.0	**280.0**	**-11.4%**
At Constant Currency			
Adjusted EBITDA	622.0	**660.0**	**+6.1%**

* In accordance with the revised IAS 19, retrospective applications have been made to FY2012 figures

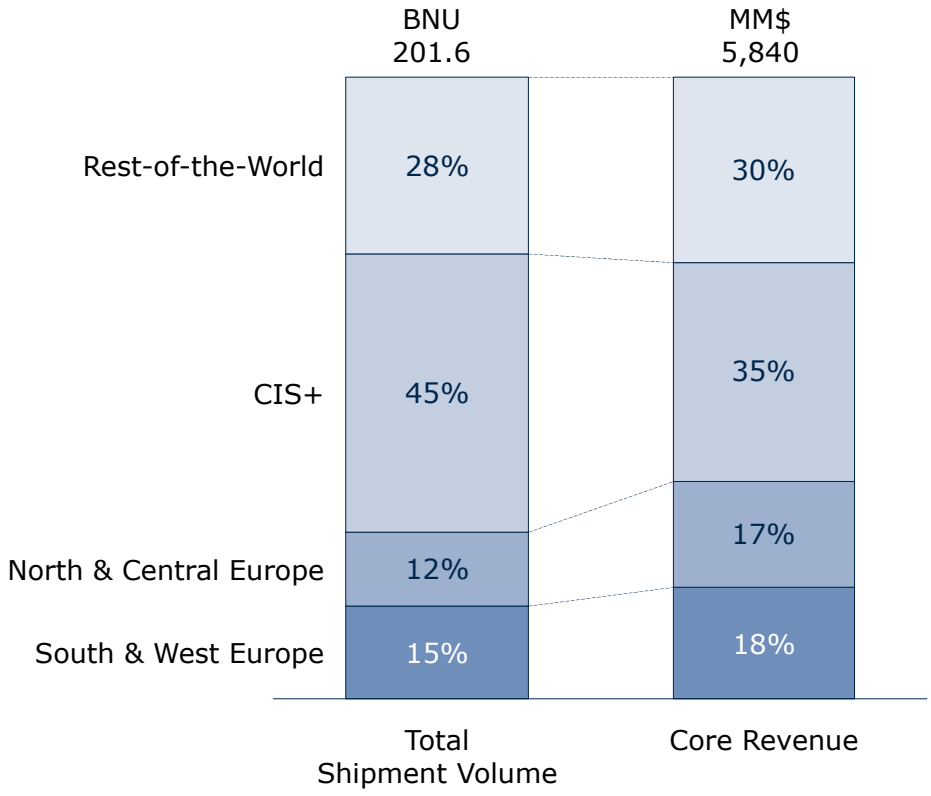
<Back up data> International tobacco business
Forecast for FY2013

(BNU,MMUS$, %)	2012	**2013**	**Change**
Shipment Volume			
Total	436.5	**432.0**	**-1.0%**
GFB	268.8	**273.0**	**+1.6%**
At Constant Currency			
Core Revenue	11,655	**12,550**	**+7.7%**
Adjusted EBITDA	4,145*	**4,630**	**+11.7%**
Reported			
Core Revenue	11,817	**12,450**	**+5.4%**
Adjusted EBITDA	4,300*	**4,630**	**+7.7%**

* In accordance with the revised IAS 19, retrospective applications have been made to 2012 adjusted EBITDA at constant currency as well as to 2012 reported adjusted EBITDA by 1.4 million dollars respectively.

<Back up data> International Tobacco Business
Composition Ratio by Cluster

【Results for January-June 2013】



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

	2013 Jan-Mar	2013 Apr-Jun	2013 Jan-Jun
JTI	**-6.4%**	**-3.9%**	**-5.1%**
South & West Europe	-2.0%	-3.4%	-2.7%
France	8.3%	14.3%	11.3%
Italy	-15.7%	-15.9%	-15.8%
Spain	1.7%	-10.3%	-4.5%
North & Central Europe	-3.0%	1.5%	-0.8%
Austria	4.2%	0.7%	2.3%
Ireland	4.0%	0.5%	2.2%
Poland	-5.3%	-2.9%	-4.2%
Sweden	10.5%	6.5%	8.3%
UK	-8.2%	-3.6%	-6.0%
CIS+	-5.6%	-5.7%	-5.6%
Kazakhstan	-5.9%	1.1%	-2.0%
Romania	1.5%	-0.8%	0.2%
Russia	-4.3%	-7.9%	-6.3%
Ukraine	-17.2%	-6.8%	-11.6%
Rest-of-the-World	-11.0%	-3.2%	-7.0%
Canada	-8.7%	-0.3%	-4.3%
Malaysia	-5.8%	4.2%	-0.9%
Taiwan	2.9%	0.9%	1.9%
Turkey	3.0%	-3.8%	-0.6%

<Back up data> International Tobacco Business
GFB Shipment Volume

BNU	2013 Jan-Mar	2013 Apr-Jun	2013 Jan-Jun
GFB	58.4 (-4.5%)	69.5 (-0.3%)	127.9 (-2.3%)
Winston	29.6 (-5.4%)	37.6 (+3.6%)	67.2 (-0.6%)
Camel	9.1 (-5.2%)	10.0 (-3.7%)	19.1 (-4.4%)
Mild Seven/ MEVIUS*	4.4 (-1.7%)	4.5 (-5.4%)	8.9 (-3.6%)
B&H	2.3 (-10.2%)	2.5 (-2.1%)	4.8 (-6.2%)
Silk Cut	0.8 (-10.6%)	0.8 (-14.1%)	1.6 (-12.3%)
LD	9.8 (+0.2%)	11.4 (-4.2%)	21.3 (-2.2%)
Sobranie	0.5 (+32.9%)	0.6 (+26.4%)	1.0 (+29.2%)
Glamour	1.8 (-11.5%)	2.2 (-12.4%)	4.0 (-12.0%)

*Name change already rolled out in Hong Kong, Macao, Malaysia, Singapore , South Korea and Taiwan.

<Back up data> International Tobacco Business
Tax and Price Increase

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

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

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

	2012 June	2013 June	Change
France	16.1%	19.2%	+3.1ppt
Italy	21.0%	21.6%	+0.7ppt
Russia	36.7%	36.3%	-0.4ppt
(GFB)	21.3%	22.5%	+1.2ppt
Spain	20.9%	21.0%	+0.1ppt
Taiwan	38.2%	39.4%	+1.2ppt
Turkey	25.4%	26.5%	+1.1ppt
UK	38.6%	40.2%	+1.6ppt

Source: Nielsen, Logista, Altadis

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

	2012 Apr-Jun	2012 Jul-Sep	2012 Oct-Dec	2013 Jan-Mar	2013 Apr-Jun
France	16.0%	17.5%	19.9%	20.1%	19.8%
Italy	21.5%	21.4%	21.6%	21.7%	21.9%
Russia	36.7%	36.5%	36.2%	36.4%	36.2%
(GFB)	21.9%	22.1%	22.3%	22.6%	23.1%
Spain	20.8%	19.9%	21.2%	21.1%	21.9%
Taiwan	39.2%	39.8%	38.5%	39.5%	40.0%
Turkey	26.3%	26.4%	26.5%	26.1%	26.8%
UK	39.0%	39.7%	40.2%	40.4%	40.5%

Source: Nielsen, Logista, Altadis

<Back up data> International Tobacco Business
FX Actual vs. PY

	2013 Jan-Mar	2013 Apr-Jun	2013 Jan-Jun
RUB/$	30.40	31.65	31.03
	(-0.8%)	(-1.9%)	(-1.4%)
GBP/$	0.64	0.65	0.65
	(-1.1%)	(-3.0%)	(-2.1%)
EUR/$	0.76	0.77	0.76
	(+0.8%)	(+1.7%)	(+1.2%)
CHF/$	0.93	0.94	0.94
	(-0.9%)	(-0.7%)	(-0.8%)
TWD/$	29.47	29.85	29.66
	(+0.8%)	(-0.8%)	(-0.0%)
YEN/$	92.46	98.78	95.73
	(-14.2%)	(-18.8%)	(-16.7%)

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[Reference Material]

Analysis of Consolidated Financial Results for FY2013 First Quarter (April 1, 2013 through June 30, 2013)

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(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;
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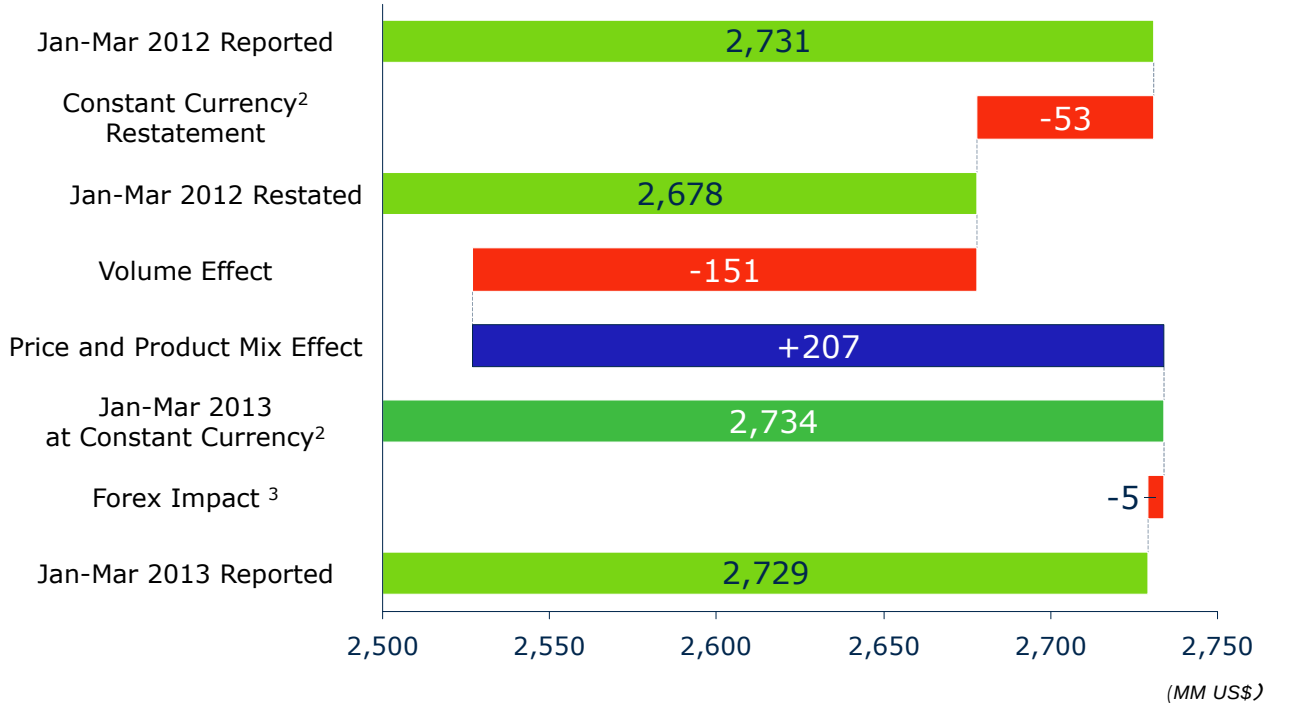
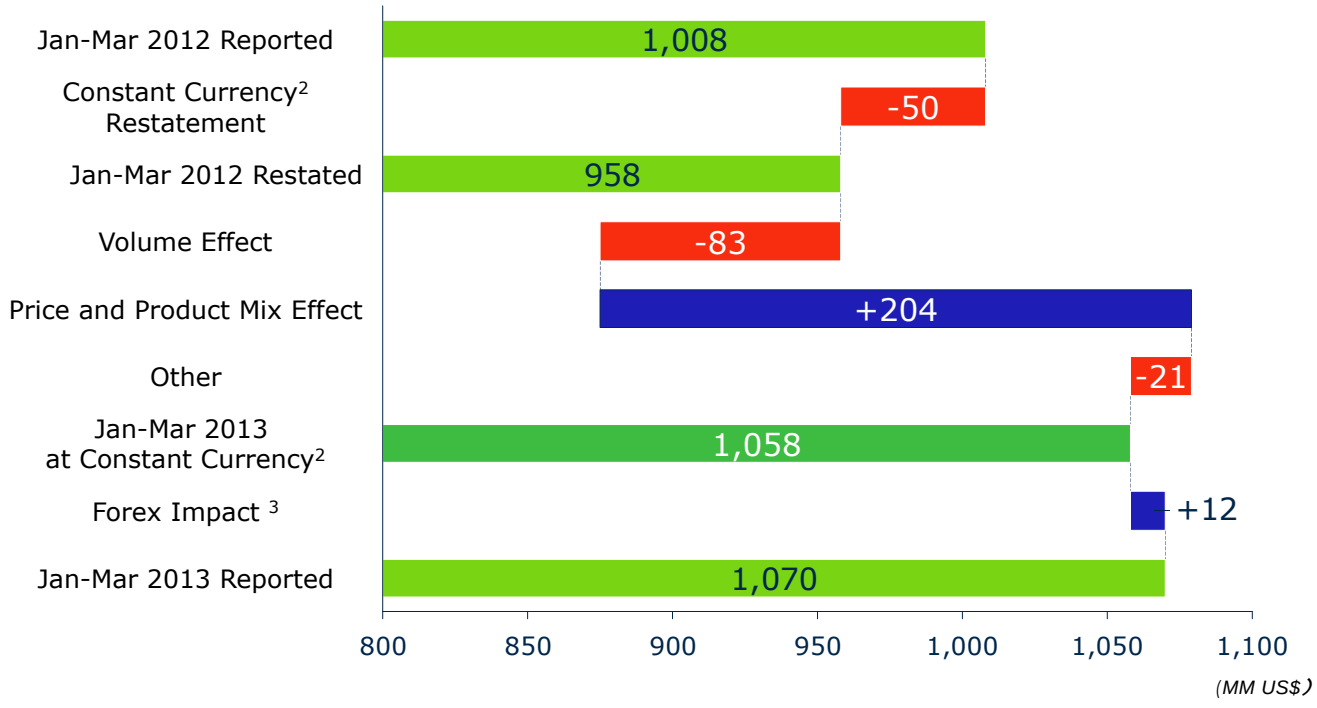
Financial Results for FY2013 First Quarter (April1, 2013 through June 30, 2013)

International Tobacco Business – Core Revenue [1]

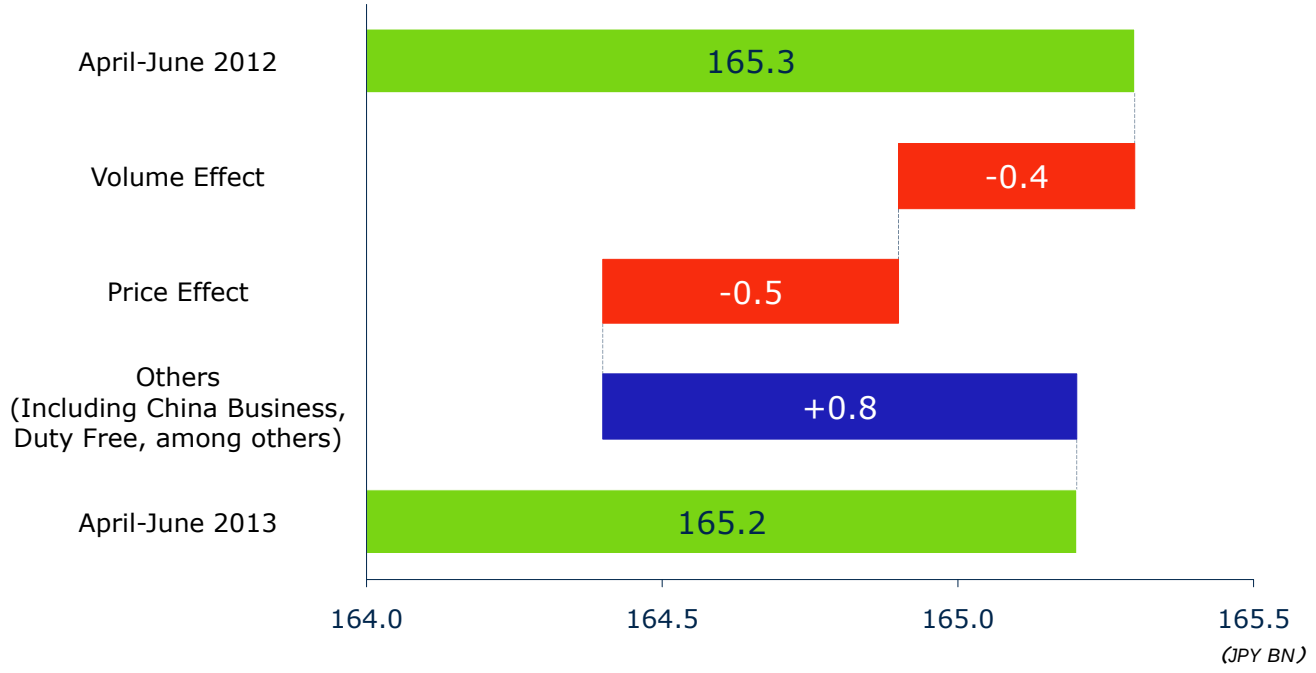


Financial Results for FY2013 First Quarter (April1, 2013 through June 30, 2013)

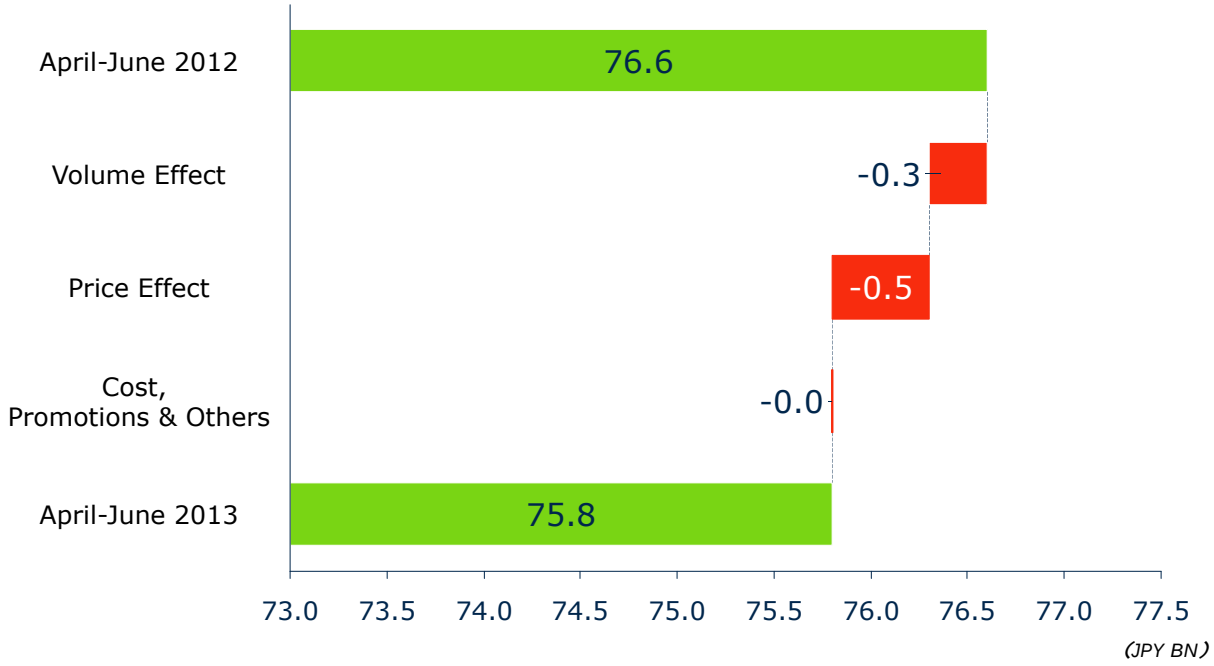
International Tobacco Business – Adjusted EBITDA [4]



Japanese Domestic Tobacco Business – Core Revenue [5]

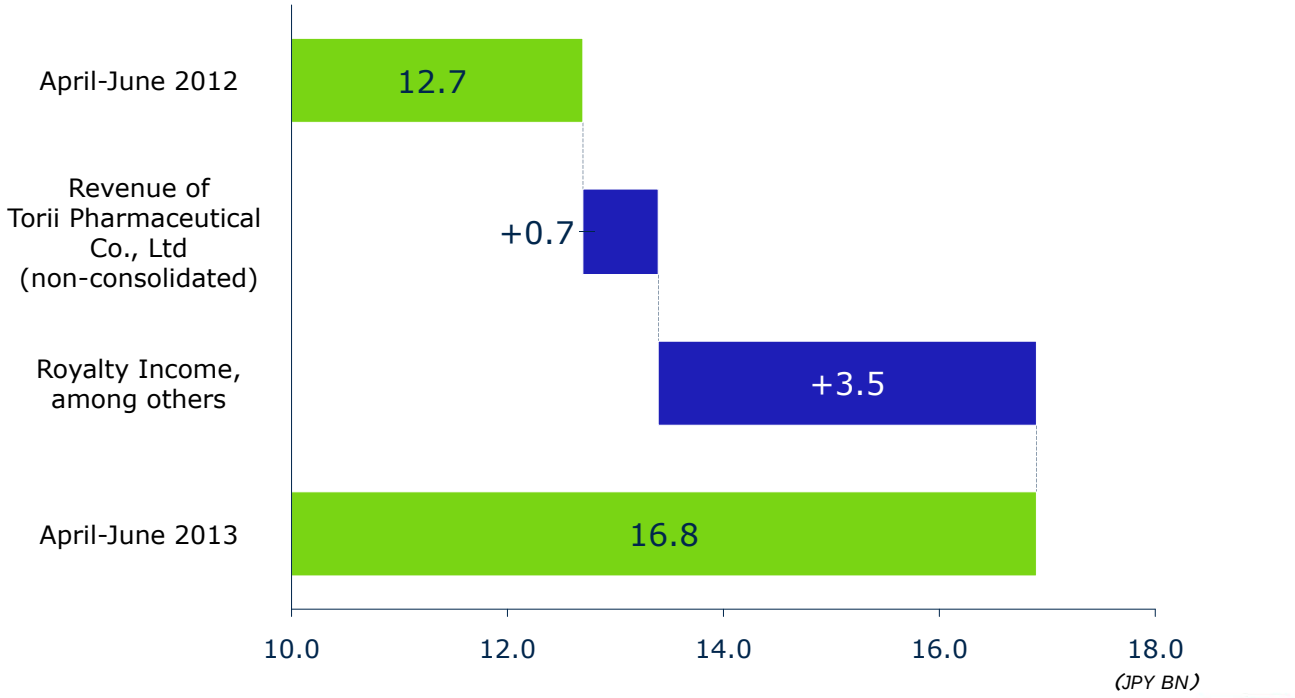


Japanese Domestic Tobacco Business – Adjusted EBITDA [4]



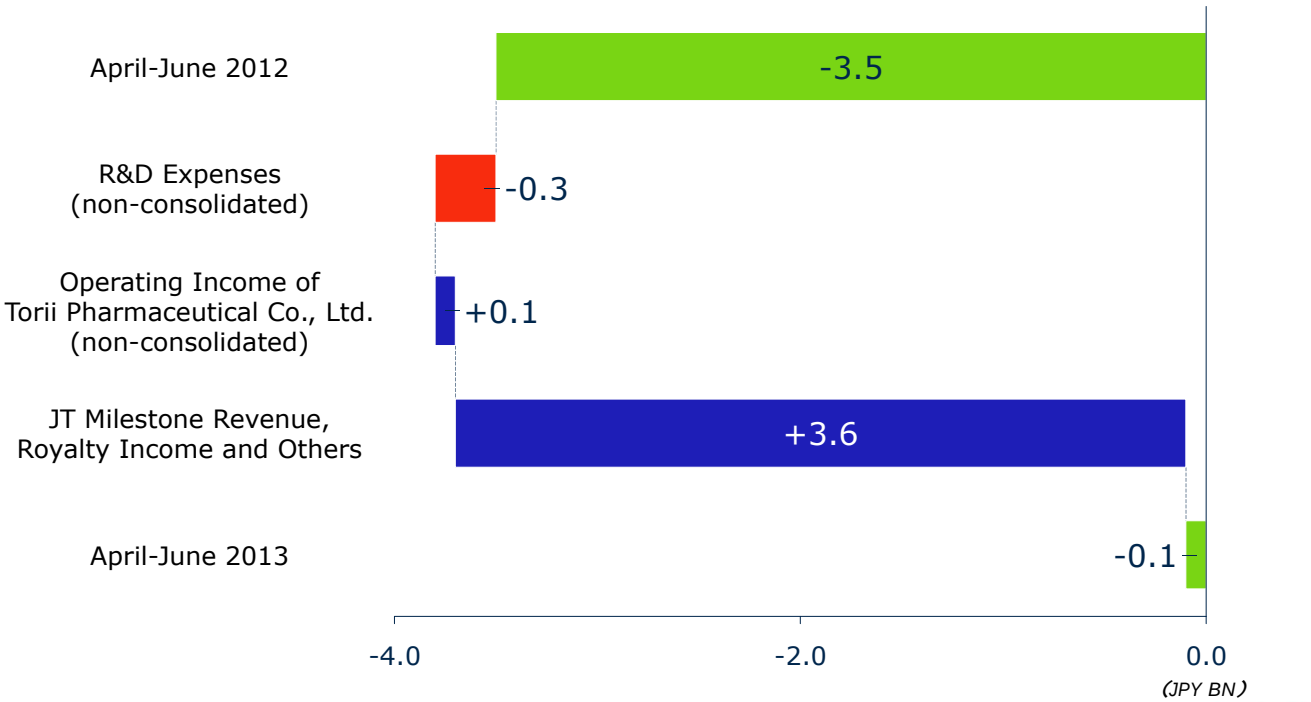
Financial Results for FY2013 First Quarter (April1, 2013 through June 30, 2013)

Pharmaceutical Business – Revenue



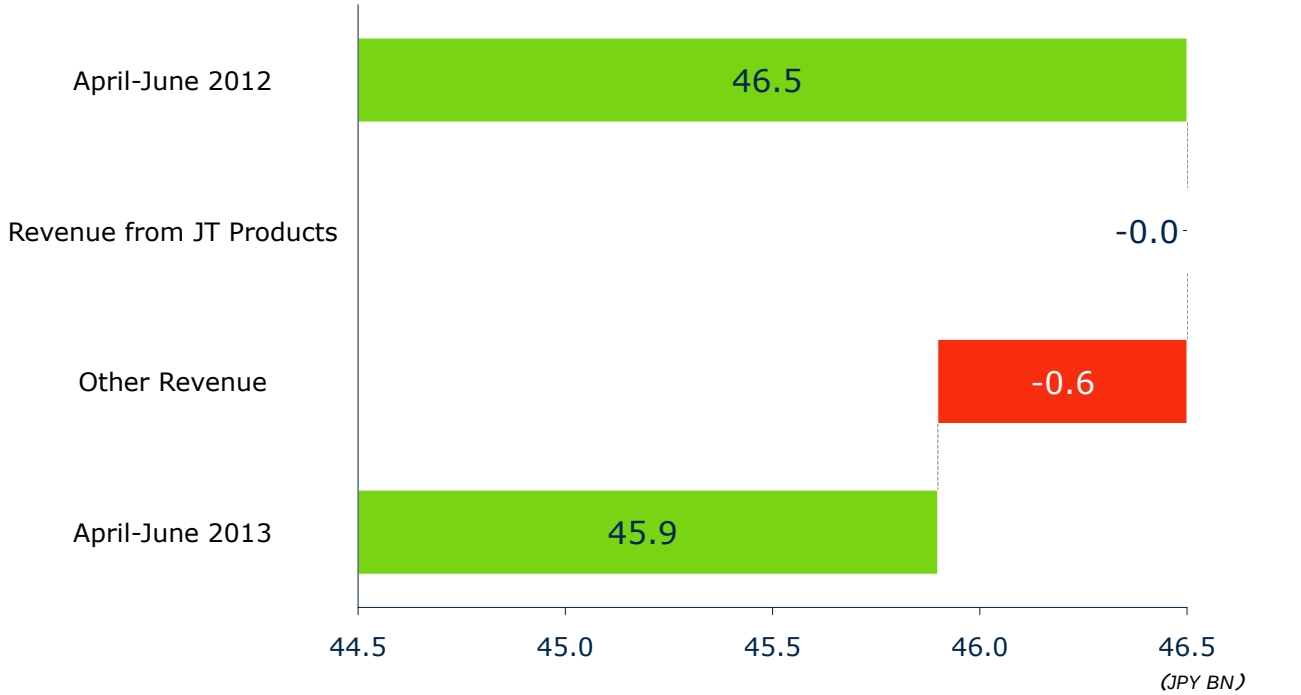
Financial Results for FY2013 First Quarter (April1, 2013 through June 30, 2013)

Pharmaceutical Business – Adjusted EBITDA [4]



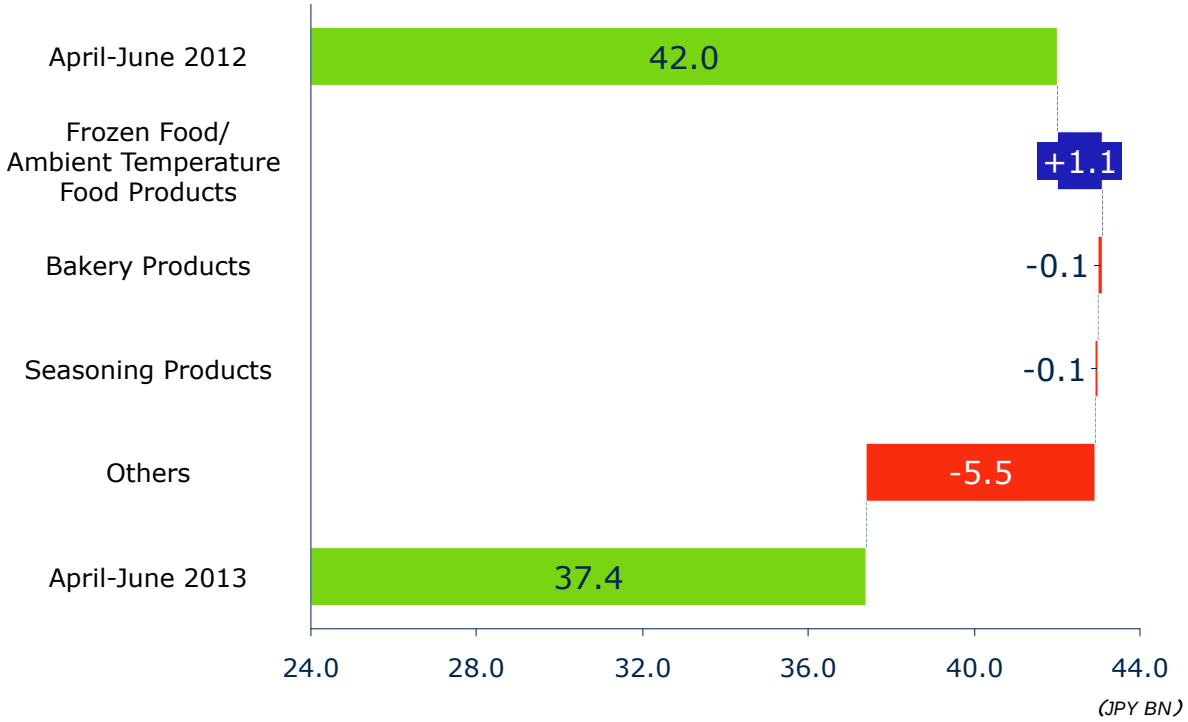
Financial Results for FY2013 First Quarter (April1, 2013 through June 30, 2013)

Beverage Business - Revenue



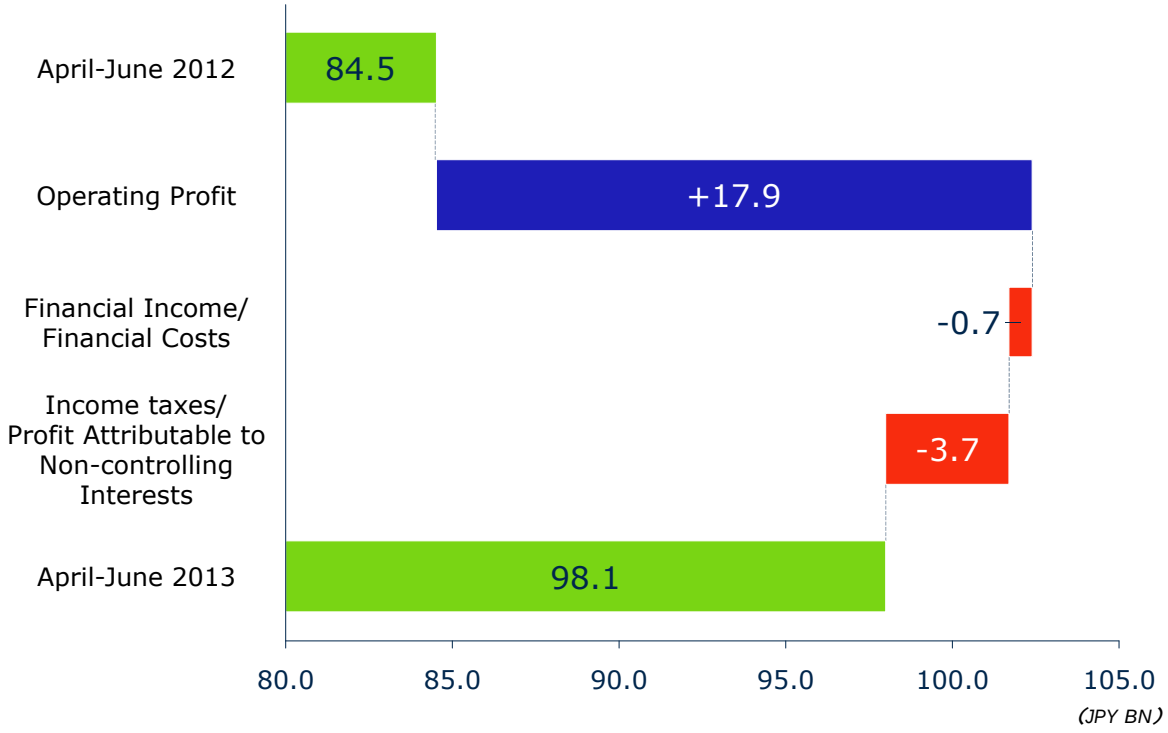
Financial Results for FY2013 First Quarter (April1, 2013 through June 30, 2013)

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



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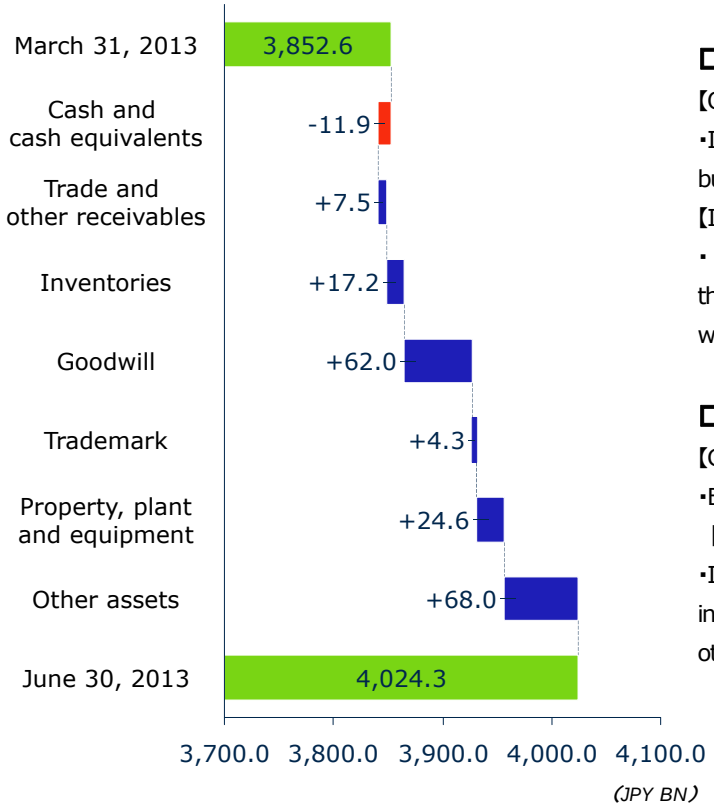
Summary of Consolidated Statement of Financial Position as of June 30, 2013

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



Current Assets: Up JPY +71.6BN

【Other current assets】 Up JPY +66.3 BN

・Increase in prepaid excise taxes in the international tobacco business, among others

【Inventories】 Up JPY +17.2 BN

・ Increase in inventories in preparation for summer demand in the international tobacco business, among others, effect of weak yen

Non-current Assets:Up JPY +100.1 BN

【Goodwill】 Up JPY +62.0BN

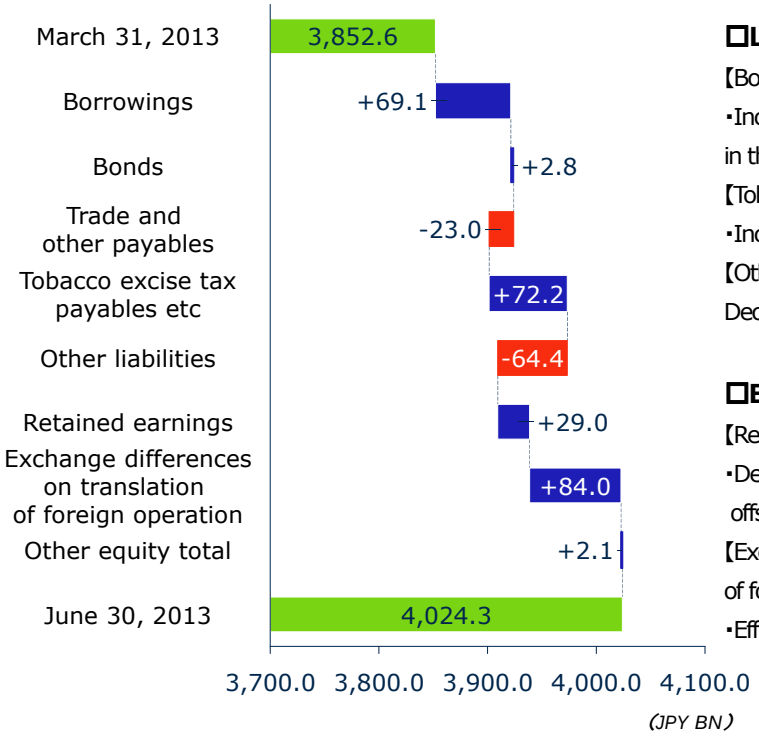
・Effect of weak yen

【Property, plant and equipment】 Up JPY +24.6 BN

・Increase from investment in manufacturing facilities in the international tobacco business, effect of weak yen, among others

Summary of Consolidated Statement of Financial Position as of June 30, 2013

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



Liabilities:Up JPY +56.7 BN

【Borrowings】 Up JPY +69.1 BN

・Increase of borrowing at JT, bond refinancing in the international tobacco business, among others

【Tobacco excise tax payables, etc】 Up JPY +72.2 BN

・Increase in the international tobacco business

【Other liabilities】 Down JPY -64.4 BN

Decrease in income tax payable, bonus payments

Equity:Up JPY +115.1 BN

【Retained earnings】 Up JPY +29.0 BN

・Decrease in dividend payment is more than offset by appropriation of profit

【Exchange differences on translation of foreign operations】 Up JPY+84.0 BN

・Effect of weak yen

<Annotations>

1 Core Revenue (International tobacco business)	Includes revenue from fine cut and 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

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Results for FY2013 First Quarter

(April 1, 2013 through June 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 Q1	FY2013 Q1	Change	Rates of Change
Revenue	512.1	547.9	+35.8	+7.0%
Operating profit	128.6	146.5	+17.9	+13.9%
Profit before income taxes	124.3	141.6	+17.2	+13.9%
Profit	86.4	99.9	+13.5	+15.6%
Profit(attributable to owners of parent company)	84.5	98.1	+13.6	+16.1%
Adjusted EBITDA*1	156.0	177.2	+21.2	+13.6%

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 Q1	FY2013 Q1	Change	Rates of Change
Adjusted EBITDA at constant rates of exchange*2	156.0	162.2	+6.2	+4.0%

*2 :FY2012Q1-Actual
FY2013Q1- Regarding international tobacco business, at the same foreign exchange rates between local currency vs USD and JPY vs USD as FY2012Q1

2.Breakdown of Revenue

(unit: JPY billion,%)

	FY2012 Q1	FY2013 Q1	Change	Rates of Change
Revenue	512.1	547.9	+35.8	+7.0%
Japanese domestic tobacco	173.1	173.0	-0.1	- 0.1%
Core revenue*1	165.3	165.2	-0.1	- 0.1%
International tobacco*2	233.6	271.1	+37.5	+16.0%
Core revenue*3	216.7	252.3	+35.6	+16.4%
Pharmaceutical	12.7	16.8	+4.1	+32.7%
Beverage	46.5	45.9	-0.6	- 1.3%
Processed foods	42.0	37.4	-4.6	- 10.9%
Others	4.2	3.7	-0.5	- 11.9%

(Reference) (unit: USD million,%)

	2012 Jan-Mar	2013 Jan-Mar	Change	Rates of Change
International tobacco Core revenue*3	2,731	2,729	-2	- 0.1%
International tobacco Core revenue at constant rates of exchange*3*4	2,678	2,734	+56	+2.1%

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

*2 :International tobacco business: 3M ended Mar. 2012 and 3M ended Mar.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 Q1	FY2013 Q1	Change	Rates of Change
Consolidated Operating profit	128.6	146.5	+17.9	+13.9%
Adjustment*3	27.4	30.7	+3.3	+12.0%
Adjusted EBITDA*1	156.0	177.2	+21.2	+13.6%
Japanese domestic tobacco Operating profit	68.2	65.7	-2.5	- 3.7%
Adjustment*3	8.4	10.1	+1.7	+19.7%
Adjusted EBITDA*1	76.6	75.8	-0.8	- 1.1%
International tobacco Operating profit*2	67.1	83.9	+16.8	+25.0%
Adjustment*2*3	12.9	15.1	+2.2	+17.3%
Adjusted EBITDA*1*2	80.0	99.0	+19.0	+23.8%
Pharmaceutical Operating profit	-4.3	-0.9	+3.4	-
Adjustment*3	0.8	0.9	+0.0	+6.6%
Adjusted EBITDA*1	-3.5	-0.1	+3.4	-
Beverage Operating profit	0.1	-1.6	-1.7	-
Adjustment*3	2.5	2.6	+0.1	+4.5%
Adjusted EBITDA*1	2.6	1.0	-1.6	- 61.7%
Processed Foods Operating profit	0.0	0.2	+0.1	+1166.2%
Adjustment*3	1.8	1.6	-0.1	- 7.7%
Adjusted EBITDA*1	1.8	1.8	+0.0	+0.3%
Other/Elimination Operating profit	-2.5	-0.7	+1.8	-
Adjustment*3	1.1	0.4	-0.6	- 60.4%
Adjusted EBITDA*1	-1.5	-0.3	+1.2	-

(Reference) (unit: USD million,%)

	2012 Jan-Mar	2013 Jan-Mar	Change	Rates of Change
International tobacco Adjusted EBITDA*1	1,008	1,070	+63	+6.2%
International tobacco Adjusted EBITDA at constant rates of exchange*1*4	958	1,058	+100	+10.5%

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: 3M ended Mar.2012 and 3M ended Mar.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 Jun.2013	Change
Total Assets	3,852.6	4,024.3	+171.7
Total Equity	1,892.4	2,007.5	+115.1
Equity attributable to owners of the parent company	1,806.5	1,920.5	+113.9
BPS(attributable to owners of parent company) (yen)	993.98	1,056.67	+62.69

5.Liquidity*

(unit: JPY billion)

	As of end of Mar.2013	As of end of Jun.2013	Change
Liquidity	168.3	148.8	-19.5

* : 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 Jun.2013	Change
Interest-bearing debt	327.2	399.6	72.3

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

7.Consolidated cash flows data

(unit: JPY billion,%)

	FY2012 Q1	FY2013 Q1	Change	Rates of Change
Cash flows from operating activities	98.1	3.9	-94.3	-96.1%
Cash flows from investing activities	-26.4	-15.3	+11.1	–
Cash flows from financing activities	-140.5	-4.1	+136.4	–
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	4.8	3.7	-1.1	-22.9%
Cash and cash equivalents, end of the year*1	340.7	130.8	-209.9	-61.6%
FCF*2	72.3	-19.5	-91.8	–

*1 Included in "Cash and cash equivalents" at the end of this quarter is ¥18.7 billion (IRR 6,792.9 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 Q1	FY2013 Q1	Change	Rates of Change
Capital expenditures	24.6	26.6	+1.9	+7.9%
Japanese domestic tobacco	11.8	8.9	-2.9	-24.5%
International tobacco*	7.4	10.1	+2.7	+36.6%
Pharmaceutical	0.8	0.4	-0.4	-46.0%
Beverage	2.8	4.6	+1.8	+66.0%
Processed foods	0.9	0.6	-0.4	-39.5%
Other/Elimination and corporate	0.9	2.0	+1.1	+117.9%

* : International tobacco business: 3M ended Mar. 2012 and 3M ended Mar.2013

9.Business data

【Japanese domestic tobacco business】	FY2012 Q1	FY2013 Q1	Change	Rates of Change	
JT sales volume*	29.4	29.3	-0.1	- 0.2%	BNU
Total demand	49.4	48.4	-1.0	- 2.0%	BNU
JT market share	59.4%	60.5%	+1.1%pt		
JT net sales after tax per 1,000 cigarettes	5,508	5,491	-17	- 0.3%	JPY

* :Sales volume of domestic duty-free and China division is excluded, which was 0.8 billion for FY2012Q1 and 0.9 billion for FY2013Q1, respectively.

【International tobacco business】	2012 Jan-Mar	2013 Jan-Mar	Change	Rates of Change	
Total shipment volume*	98.9	92.6	-6.3	- 6.4%	BNU
GFB shipment volume	61.1	58.4	-2.7	- 4.5%	BNU
JPY/USD rate for consolidation	79.35	92.46	+13.11	-14.2%	JPY
RUB/USD rate for consolidation	30.15	30.40	+0.25	-0.8%	RUB
GBP/USD rate for consolidation	0.64	0.64	+0.00	-1.1%	GBP
EUR/USD rate for consolidation	0.76	0.76	+0.00	+0.8%	EUR
CHF/USD rate for consolidation	0.92	0.93	+0.01	-0.9%	CHF
TWD/USD rate for consolidation	29.71	29.47	+0.55	+0.8%	TWD

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

(unit: JPY billion,%)

<Pharmaceutical business>	FY2012 Q1	FY2013 Q1	Change	Rates of Change
R&D expenses	7.4	7.5	+0.2	+2.1%

(unit: million case,%)

<Beverage business>	FY2012 Q1	FY2013 Q1	Change	Rates of Change
Sales of JT products	8.12	7.99	-0.14	- 1.7%
Roots	4.46	4.04	-0.42	- 9.3%

	As of end of Mar.2013	As of end of Jun.2013	Change
Number of beverage vending machines*	262,000	264,000	+2,000
JT-owned	39,000	40,000	+1,000
Combined	83,000	84,000	+1,000
Others	140,000	140,000	+0

* :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 First Quarter

(April 1, 2013 through June 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 Q1	FY2013 Q1	Change
Revenue	512.1	547.9	+35.8
Cost of sales	216.8	220.5	+3.7
Gross profit	295.3	327.4	+32.1
Other Operating profit	3.0	4.7	+1.7
Gain on sale of tangible fixed assets, intangible assets and investment properties	1.6	1.7	+0.1
Others	1.4	3.0	+1.6
Share of profit of investments accounted for using the equity method	0.2	0.3	+0.0
SG&A	170.0	186.0	+16.0
Advertising expenses	3.8	4.5	+0.7
Promotion expenses	27.5	29.8	+2.3
Freight and storage cost	6.8	6.6	-0.2
Commissions	9.5	10.2	+0.7
Employee benefits expenses	61.6	67.2	+5.6
R&D expenses	13.3	13.9	+0.5
Depreciation and amortization	14.3	16.9	+2.6
Impairment losses	0.2	0.1	-0.1
Loss on sale of tangible fixed assets and investment properties	1.2	1.3	+0.1
Corporation fee for termination of leaf tobacco farming	0.0	–	+0.0
Others	31.7	35.4	+3.7
Operating profit	128.6	146.5	+17.9
Depreciation and amortization	28.2	32.2	+4.0
Restructuring-related income	-1.2	-1.6	-0.4
Restructuring-related costs	0.5	0.1	-0.3
Adjusted EBITDA *1	156.0	177.2	+21.2
Japanese domestic tobacco Operating profit	68.2	65.7	-2.5
Depreciation and amortization	9.6	11.1	+1.5
Adjustment items (income)	-1.2	-1.0	+0.2
Adjustment items (costs)	0.0	–	+0.0
Adjusted EBITDA *1	76.6	75.8	-0.8
International tobacco Operating profit *2	67.1	83.9	+16.8
Depreciation and amortization *2	12.6	15.1	+2.5
Adjustment items (income) *2	0.0	0.0	+0.0
Adjustment items (costs) *2	0.3	0.0	-0.3
Adjusted EBITDA *1*2	80.0	99.0	+19.0
Pharmaceutical Operating profit	-4.3	-0.9	+3.4
Depreciation and amortization	0.8	0.9	+0.1
Adjusted EBITDA *1	-3.5	-0.1	+3.4
Beverage Operating profit	0.1	-1.6	-1.7
Depreciation and amortization	2.5	2.6	+0.1
Adjusted EBITDA *1	2.6	1.0	-1.6
Processed Foods Operating profit	0.0	0.2	+0.1
Depreciation and amortization	1.8	1.7	-0.1
Adjustment items (income)	–	-0.1	-0.1
Adjustment items (costs)	–	0.1	+0.1
Adjusted EBITDA *1	1.8	1.8	+0.0
Others/Elimination Operating profit	-2.5	-0.7	+1.8
Depreciation and amortization	0.9	0.8	-0.1
Adjustment items (income)	0.0	-0.5	-0.4
Adjustment items (costs)	0.2	0.1	-0.1
Adjusted EBITDA *1	-1.5	-0.3	+1.2

(unit: JPY billion)

	FY2012 Q1	FY2013 Q1	Change
Financial income	1.1	1.4	+0.4
Dividend income	0.3	0.3	+0.0
Interest income	0.6	0.9	+0.3
Foreign exchange gain	–	–	–
Other	0.1	0.2	+0.1
Financial costs	5.3	6.3	+1.0
Interest expenses	2.7	2.2	-0.5
Pension/post retirement benefit	1.5	1.4	-0.1
Foreign exchange loss	0.5	2.1	+1.5
Other	0.6	0.7	+0.0
Profit before income taxes	124.3	141.6	+17.2
Income taxes	38.0	41.7	+3.7
Profit	86.4	99.9	+13.5
Owners of the parent company	84.5	98.1	+13.6
Non-controlling interests	1.9	1.8	-0.1

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: 3M ended Mar.2012 and 3M ended Mar.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 Jun.2013	Change
Current assets	1,213.1	1,284.7	+71.6
Cash and cash equivalents	142.7	130.8	-11.9
Cash and deposits	121.8	120.3	-1.5
Short-term investment	21.0	10.6	-10.4
Trade and other receivables	387.8	395.4	+7.5
Notes and accounts receivable	368.0	382.8	+14.9
Other	21.5	14.4	-7.0
Allowance for doubtful accounts	-1.6	-1.9	-0.3
Inventories	473.0	490.3	+17.2
Merchandise and finished goods	133.1	150.2	+17.1
Leaf tobacco	292.0	283.7	-8.4
Other	47.9	56.4	+8.5
Other financial assets※1	29.1	21.6	-7.5
Other current assets	177.9	244.1	+66.3
Prepaid tobacco excise taxes	130.3	184.1	+53.7
Prepaid expenses	9.5	18.0	+8.5
Consumption taxes payable	10.6	10.5	-0.1
Other	27.4	31.5	+4.1
Non-current assets held for sale	2.6	2.5	-0.1
Non-current assets	2,639.4	2,739.5	+100.1
PP&E	672.3	696.9	+24.6
Cost	1,535.7	1,577.4	+41.7
Accumulated depreciation and accumulated impairment losses	-863.4	-880.5	-17.1
Land, buildings and structures	307.3	310.6	+3.3
Cost	615.7	616.1	+0.4
Accumulated depreciation and accumulated impairment losses	-308.3	-305.5	+2.9
Machinery and vehicles	271.2	277.9	+6.7
Cost	720.2	743.5	+23.3
Accumulated depreciation and accumulated impairment losses	-449.0	-465.7	-16.7
Tools, furniture and fixtures	65.3	66.9	+1.6
Cost	171.4	176.3	+4.9
Accumulated depreciation and accumulated impairment losses	-106.1	-109.4	-3.3
Construction in progress	28.5	41.6	+13.1
Cost	28.5	41.6	+13.1
Accumulated depreciation and accumulated impairment losses	–	–	–
Goodwill※2	1,316.5	1,378.5	+62.0
Cost	1,316.5	1,378.5	+62.0
Accumulated depreciation and accumulated impairment losses	–	–	–
Intangible assets	348.8	353.3	+4.5
Cost	933.1	953.5	+20.4
Accumulated depreciation and accumulated impairment losses	-584.2	-600.1	-15.9
Trademark※3	287.6	291.9	+4.3
Cost	733.7	750.4	+16.6
Accumulated depreciation and accumulated impairment losses	-446.1	-458.4	-12.3
Software	31.9	35.2	+3.3
Cost	111.6	116.8	+5.1
Accumulated depreciation and accumulated impairment losses	-79.8	-81.6	-1.8
Other	29.3	26.2	-3.1
Cost	87.7	86.4	-1.3
Accumulated depreciation and accumulated impairment losses	-58.3	-60.1	-1.8
Investment property	59.0	58.6	-0.4
Retirement benefit assets	14.8	15.9	+1.0
Investments accounted for using the equity method	22.9	23.5	+0.6
Other financial assets※3	71.8	75.5	+3.8
Deferred tax assets	133.3	137.3	+4.0
Total assets	3,852.6	4,024.3	+171.7

※1 Other financial assets(current & non-current)	100.9	97.2	-3.7
Derivative assets	4.1	5.7	+1.6
Equities	46.7	48.0	+1.3
Bonds	15.7	15.1	-0.6
Time deposits	5.3	1.4	-4.0
Other	38.2	36.3	-1.9
Allowance for doubtful accounts	-9.1	-9.3	-0.2

※2 Goodwill International tobacco cash-generating unit	1,274.0	1,336.0	+62.0
Goodwill processed food cash-generating unit	25.4	25.4	–

※3 Trademark International tobacco business	284.9	289.2	+4.4

(unit: JPY billion)

	As of end of Mar.2013	As of end of Jun.2013	Change
Current liabilities	1,113.0	1,318.9	+206.0
Trade and other payables	312.7	289.7	-23.0
Notes and accounts payable	173.5	159.3	-14.2
Other payables	71.3	58.1	-13.2
Other	68.0	72.3	+4.4
Bonds and borrowings※4	44.3	271.9	+227.6
Income taxes payable	85.7	43.2	-42.5
Other financial libilities※4	8.6	10.2	+1.6
Provisions	5.3	4.2	-1.0
Other current liabilities※5	656.3	699.6	+43.3
Liabilities directly associated with non-current assets held-for-sale	0.1	0.1	–
Non current liabilities	847.2	697.9	-149.3
Bonds and borrowings※4	270.4	114.7	-155.7
Other financial liabilities※4	18.8	19.3	+0.5
Retirement benefit liabilities	342.6	348.5	+5.9
Provisions	4.8	5.0	+0.2
Other non-current liabilities※5	113.2	110.3	-3.0
Deferred tax liabilities	97.3	100.1	+2.8
Liabilities	1,960.1	2,016.8	+56.7
Equity	1,892.4	2,007.5	+115.1
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	-70.5	+84.9
Retained earnings	1,470.1	1,499.1	+29.0
Non-controlling interests	85.9	87.0	+1.1
Total liabilities and equity	3,852.6	4,024.3	+171.7

※4 Bonds and borrowings(including other financial liabilities) (current & non-current)	342.1	416.1	+74.0
Derivative liabilities	3.8	5.5	+1.7
Short-term borrowings	23.8	91.5	+67.6
Commercial paper	–	–	–
Current portion of long-term borrowings	20.5	20.4	-0.1
Current portion of bonds	–	160.1	+160.1
Long-term borrowings	33.2	34.7	+1.5
Bonds	237.2	80.0	-157.2
Other	23.6	24.0	+0.5

※5 Other liabilities(current & non-current)	769.5	809.9	+40.3
Tobacco excise taxes payable	285.8	345.7	+59.9
Tobacco special excise taxes payable	14.5	15.5	+1.1
Tobacco local excise taxes payable	182.4	193.6	+11.2
Consumption taxes payable	85.4	80.7	-4.7
Provision for bonuses	45.5	27.7	-17.8
Compensated absences	19.8	21.1	+1.3
Other	136.3	125.5	-10.7

Forecasts for FY 2013
(Apr, 2013-Mar, 2014)
as of April 25, 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	616.0	+83.8	+15.7%
Profit before income taxes	509.4	598.0	+88.6	+17.4%
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	+47.26	+26.1%
Adjusted EBITDA*2	622.0	730.0	+108.0	+17.4%
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	1,244.0	+233.3	+23.1%
Core revenue*3	943.1	1,182.0	+238.9	+25.3%
Pharmaceutical	53.2	59.5	+6.3	+11.9%
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	12,450	+633	+5.4%
International tobacco Core revenue at constant rates of exchange*2*3*4	11,655	12,550	+895	+7.7%

*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	616.0	+83.8	+15.7%
Japanese domestic tobacco	241.3	246.0	+4.7	+2.0%
International tobacco*2	289.4	375.0	+85.6	+29.6%
Pharmaceutical	-16.2	-14.0	+2.2	-
Beverage	2.3	0.5	-1.8	- 78.7%
Processed Food	-5.8	2.0	+7.8	-
Other/Elimination	21.2	6.0	-15.2	- 71.6%
Adjusted EBITDA*1	622.0	730.0	+108.0	+17.4%
Japanese domestic tobacco*1	281.3	291.0	+9.7	+3.4%
International tobacco*1*2	343.2	440.0	+96.8	+28.2%
Pharmaceutical*1	-12.7	-10.5	+2.2	-
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	195.0	+57.6	+41.9%
Japanese domestic tobacco	71.2	63.0	-8.2	-11.6%
International tobacco*	37.5	94.0	+56.5	+150.6%
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	14.0	+7.7	+121.5%

*: 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 division is excluded

【International tobacco business】*1	2012	2013	Change	Rates of Change	
Total shipment volume*2	436.5	432.0	-4.5	- 1.0%	BNU
GFB shipment volume	268.8	273.0	+4.2	+1.6%	BNU
JPY/USD rate for consolidation	79.81	95.00	+15.19	-16.0%	JPY
RUB/USD rate for consolidation	31.07	31.00	-0.07	+0.2%	RUB
GBP/USD rate for consolidation	0.63	0.66	+0.03	-4.4%	GBP
EUR/USD rate for consolidation	0.78	0.80	+0.02	-2.7%	EUR
CHF/USD rate for consolidation	0.94	0.96	+0.02	-2.3%	CHF
TWD/USD rate for consolidation	29.57	29.71	+0.14	-0.5%	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

* 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
FY2011	18.4	32.5	30.0	27.5	108.4
FY2012	29.4	30.2	29.8	26.8	116.2
FY2013	29.3				

2. Quarterly Retail Price Sales (billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	373.6	662.5	610.0	560.3	2,206.5
FY2012	596.7	612.9	605.2	544.2	2,358.9
FY2013	593.3				

* 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
FY2011	5,444	5,516	5,509	5,515	5,502
FY2012	5,508	5,505	5,499	5,498	5,503
FY2013	5,491				

* 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
FY2011	40.8	59.3	58.7	59.2	54.9
FY2012	59.4	59.7	59.6	59.5	59.6
FY2013	60.5				

Market Share in Growing Segments

1. 1mg Tar

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	9.8	14.1	14.1	14.3	13.2
FY2012	14.4	14.2	14.3	14.4	14.3
FY2013	14.7				

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	24.7	23.9	24.1	24.4	24.3
FY2012	24.5	24.2	24.4	24.5	24.4
FY2013	24.5				

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	39.6	58.8	58.5	58.7	54.2
FY2012	58.8	58.7	58.6	58.8	58.7
FY2013	60.0				

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	3.2	6.3	6.6	6.9	5.8
FY2012	7.5	7.6	7.4	7.7	7.6
FY2013	8.3				

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	26.1	24.2	25.1	25.0	25.1
FY2012	25.6	25.7	25.6	26.2	25.8
FY2013	26.3				

(3) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	12.4	26.2	26.4	27.5	23.2
FY2012	29.3	29.4	28.9	29.6	29.3
FY2013	31.6				

3. JPY 440 or above*

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	8.1	15.1	14.9	14.8	13.4
FY2012	14.7	14.8	14.5	14.5	14.6
FY2013	14.5				

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	37.6	36.4	37.0	36.6	36.9
FY2012	36.6	36.9	39.5	36.6	36.7
FY2013	36.1				

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY2011	21.5	41.3	40.2	40.4	36.2
FY2012	40.1	40.2	36.7	39.7	39.9
FY2013	40.1				

Japan Tobacco Inc. Clinical Development as of July 30, 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	Phase1(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

Clinical trial phase presented above is based on the first dose.
*Part of global study conducted by Gilead Sciences

<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 April 25, 2013:

<In-house development>
・New single tablet regimen containing elvitegravir (JTK-303) has entered into phase 3 (part of global study conducted by Gilead Sciences)
・JTE-051has entered into the clinical trial stage overseas.
・Development of JTT-705 and JTT-302 have been terminated.

<Licensed Compounds>
・Gilead Sciences announced that single tablet regimen containing elvitegravir has been approved in EU on May 28, 2013.
・GlaxoSmithKline announced that MEK inhibitor trametinib has been approved in the U.S. on May 29, 2013.
・GlaxoSmithKline announced the submission of supplemental New Drug Application (NDA) to the US Food and Drug Administratior for trametinib/dabrafenib combination in metastatic melanoma on July 9, 2013.
・Deleated dalcetrapib (JTT-705) due to the termination of clinical trial procedure by Roche.