[This is an English translation of summarized consolidated financial results prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail. Please refer to the supplementary document "Consolidated Financial Results for FY2013 Second Quarter (April 1, 2013 through September 30, 2013)" and JT's website (http://www.jti.co.jp/) for other information.]

October 31, 2013

Consolidated Financial Results for the Six Months Ended September 30, 2013 <under IFRS>

Name of the Listed Company: **JAPAN TOBACCO INC.** (Stock Code: 2914)
Listed Stock Exchange: Tokyo Stock Exchange
URL: http://www.jti.co.jp/
Representative: Mitsuomi Koizumi, President, Chief Executive Officer and Representative Director
Contact: Yuki Maeda, Senior Vice President and Chief Communications Officer
Telephone: +81-3-3582-3111
Scheduled date to file Quarterly Securities Report: November 12, 2013
Scheduled starting date of the dividend payments: November 29, 2013
Drawing up supplementary documents on quarterly financial results: Yes
Holding quarterly investors' meeting: Yes (for analysts and institutional investors)

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

1. Consolidated financial results for the six months of the fiscal year ending March 31, 2014 (from April 1, 2013 to September 30, 2013)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2013	1,159,116	9.6	347,363	30.8	339,075	34.5	241,057	40.3
September 30, 2012	1,057,391	6.0	265,545	25.5	252,016	20.6	171,814	16.7

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2013	237,147	40.5	411,292	187.0	130.48	130.41
September 30, 2012	168,764	17.5	143,317	(34.7)	88.62	88.58

Notes: 1. The comparative information was retrospectively adjusted to reflect changes in accounting policies. For details, please refer to "Matters regarding summary information (Notes), (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections" on page 4.
2. The Company conducted a share split at a ratio of 200 to one with July 1, 2012 as effective date. Consequently, basic earnings per share and diluted earnings per share are calculated on the assumption that this share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets	Equity attributable to owners of the parent company per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2013	4,101,120	2,233,255	2,145,189	52.3	1,180.30
March 31, 2013	3,852,567	1,892,431	1,806,543	46.9	993.98

Notes: 1. The comparative information was retrospectively adjusted to reflect changes in accounting policies. For details, please refer to "Matters regarding summary information (Notes), (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections" on page 4.

2. The Company conducted a share split at a ratio of 200 to one with July 1, 2012 as effective date. Consequently, equity attributable to owners of the parent company per share is calculated on the assumption that this share split was conducted at the beginning of the previous fiscal year.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2013	-	30.00	-	38.00	68.00
Year ending March 31, 2014	-	46.00			
Year ending March 31, 2014 (Forecast)			-	46.00	92.00

Note: Revisions to the cash dividends forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2014	2,368,000	11.7	632,000	18.7	616,000	20.9	423,000	20.4	415,000	20.8	228.34

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

Notes

(1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates
   a. Changes in accounting policies due to revisions in accounting standards under IFRS: Yes
   b. Changes in accounting policies due to other reasons: None
   c. Changes in accounting estimates: None

   Note: For details, please refer to "Matters regarding summary information (Notes), (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections" on page 4.

(3) Number of shares issued (common stock)
   a. Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2013	2,000,000,000	shares
As of March 31, 2013	2,000,000,000	shares

   b. Number of treasury shares at the end of the period

As of September 30, 2013	182,508,188	shares
As of March 31, 2013	182,510,100	shares

   c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2013	1,817,490,693	shares
Six months ended September 30, 2012	1,904,294,800	shares

   Note: The Company conducted a share split at a ratio of 200 to one with July 1, 2012 as effective date. Consequently, average number of shares during the period is calculated on the assumption that this share split was conducted at the beginning of the previous fiscal year.

* Indication regarding execution of quarterly review procedures

At the time of disclosure of this quarterly financial results report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of earnings forecasts, and other special matters

(1) The forward-looking statements, including forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions and suppositions deemed to be reasonable by the Company. Actual business and other results may differ substantially due to various factors. These forward-looking statements are not intended to be construed as our assurance for it to materialize in the future. Please refer to page 5 for the assumptions and suppositions, etc. that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecasts.
(2) The Company conducted a share split at a ratio of 200 to one with July 1, 2012 as effective date.
(3) Please refer to JT's website (http://www.jti.co.jp/) for materials for investors' meeting.

Matters regarding summary information (Notes)

(1) Changes in significant subsidiaries during the current period

No items to report.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

The significant accounting policies adopted for the condensed interim consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2013, with the exception of the items described below.

The Group calculated income taxes for the six months ended September 30, 2013, based on the estimated average annual effective tax rate.

(Changes in accounting policies)

The accounting standards applied by JT effective from the first quarter ended June 30, 2013 are as follows.

IFRS		Description of new standards/amendments
IFRS7	Financial Instruments: Disclosures	Disclosure related to offsetting of financial assets and liabilities
IFRS10	Consolidated Financial Statements	Amendment for definition of control, elements of control and basis of existence of control to be applied, regardless of the nature of the investee
IFRS11	Joint Arrangements	Regarding arrangements of which two or more parties have joint control, provide the classification of a joint arrangement based on legal form, contractual arrangement on assets or liabilities and other facts and conditions, not based on only legal form of the arrangement Provide accounting treatment for each classification
IFRS12	Disclosure of Interests in Other Entities	Expansion of the scope of the disclosure of ownership of interests in other entities, including unconsolidated structured entities
IFRS13	Fair Value Measurement	Guidance of fair value measurement to be applied by all standards and unification of the definition of fair value which was previously provided separately in each standard
IAS1	Presentation of Financial Statements	Revision to the presentation of items in other comprehensive income
IAS19	Employee Benefits	Revision to recognition and presentation of actuarial gains and losses, past service cost, interest cost and others, and revision to disclosure of retirement benefits
IAS28	Investments in Associates and Joint Ventures	Amendments based on IFRS10, IFRS11 and IFRS12

The above standards do not have a material impact on the condensed interim consolidated financial statements.

For IAS 19, comparative information was retrospectively adjusted in accordance with the transitional provisions.

* In addition to the information provided above, reference information regarding settlement of accounts and earnings forecasts is separately provided in the supplementary document “Consolidated Financial Results for FY2013 Second Quarter (April 1, 2013 through September 30, 2013).”

Forward-looking and cautionary statements

This material 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.

(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; and

(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;

(10) catastrophes, including natural disasters.

Condensed interim consolidated financial statements (IFRS)

(1) Condensed interim consolidated statement of financial position

(Millions of yen)

	As of March 31, 2013 Restated*	As of September 30, 2013
Assets		
Current assets		
Cash and cash equivalents	142,713	140,288
Trade and other receivables	387,837	407,402
Inventories	473,042	504,383
Other financial assets	29,103	10,470
Other current assets	177,858	203,972
Subtotal	1,210,552	1,266,515
Non-current assets held-for-sale	2,594	2,399
Total current assets	1,213,146	1,268,915
Non-current assets		
Property, plant and equipment	672,316	721,046
Goodwill	1,316,476	1,438,709
Intangible assets	348,813	361,053
Investment property	58,995	50,744
Retirement benefit assets	14,825	17,379
Investments accounted for using the equity method	22,940	24,172
Other financial assets	71,781	81,618
Deferred tax assets	133,276	137,484
Total non-current assets	2,639,421	2,832,205
Total assets	3,852,567	4,101,120

(Millions of yen)

	As of March 31, 2013 Restated*	As of September 30, 2013
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	312,741	288,971
Bonds and borrowings	44,301	200,151
Income tax payables	85,714	83,434
Other financial liabilities	8,550	10,553
Provisions	5,256	4,693
Other current liabilities	656,305	525,423
Subtotal	1,112,867	1,113,225
Liabilities directly associated with non-current assets held-for-sale	101	108
Total current liabilities	1,112,968	1,113,333
Non-current liabilities		
Bonds and borrowings	270,399	161,982
Other financial liabilities	18,844	19,506
Retirement benefit liabilities	342,604	355,819
Provisions	4,786	5,073
Other non-current liabilities	113,226	108,531
Deferred tax liabilities	97,309	103,620
Total non-current liabilities	847,168	754,532
Total liabilities	1,960,137	1,867,865
Equity		
Share capital	100,000	100,000
Capital surplus	736,411	736,411
Treasury shares	(344,573)	(344,569)
Other components of equity	(155,420)	15,120
Retained earnings	1,470,125	1,638,227
Equity attributable to owners of the parent company	1,806,543	2,145,189
Non-controlling interests	85,887	88,066
Total equity	1,892,431	2,233,255
Total liabilities and equity	3,852,567	4,101,120

*Please refer to "Matters regarding summary information (Notes), (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections."

(2) Condensed interim consolidated statement of income and consolidated statement of comprehensive income

Condensed interim consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2012 Restated*	Six months ended September 30, 2013
Revenue	1,057,391	1,159,116
Cost of sales	(444,567)	(470,797)
Gross profit	612,825	688,319
Other operating income	4,510	47,244
Share of profit in investments accounted for using the equity method	2,354	455
Selling, general and administrative expenses	(354,143)	(388,656)
Operating profit	265,545	347,363
Financial income	1,963	2,703
Financial costs	(15,493)	(10,991)
Profit before income taxes	252,016	339,075
Income taxes	(80,202)	(98,018)
Profit for the period	171,814	241,057
Attributable to:		
Owners of the parent company	168,764	237,147
Non-controlling interests	3,050	3,910
Profit for the period	171,814	241,057
Earnings per share		
Basic (Yen)	88.62	130.48
Diluted (Yen)	88.58	130.41

Reconciliation from “Operating profit” to “Adjusted EBITDA”

(Millions of yen)

	Six months ended September 30, 2012 Restated*	Six months ended September 30, 2013
Operating profit	265,545	347,363
Depreciation and amortization	56,850	65,186
Adjustment items (income)	(1,228)	(41,973)
Adjustment items (costs)	7,850	1,142
Adjusted EBITDA	329,017	371,717

*Please refer to “Matters regarding summary information (Notes), (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections.”

Condensed interim consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2012 Restated*	Six months ended September 30, 2013
Profit for the period	171,814	241,057
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	(570)	2,935
Remeasurements of defined benefit retirement plans	(10,150)	(26)
Total items that will not be reclassified to profit or loss	(10,719)	2,909
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(17,825)	167,215
Net gain (loss) on derivatives designated as cash flow hedges	47	111
Total items that may be reclassified subsequently to profit or loss	(17,778)	167,326
Other comprehensive income (loss), net of taxes	(28,497)	170,235
Comprehensive income (loss) for the period	143,317	411,292
Attributable to:		
Owners of the parent company	140,423	407,634
Non-controlling interests	2,894	3,659
Comprehensive income (loss) for the period	143,317	411,292

*For IAS19, the comparative information was retrospectively adjusted in accordance with the transitional provisions. For details, Please refer to "Matters regarding summary information (Notes), (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections."

(3) Condensed interim consolidated statement of changes in equity

(Millions of yen)

	Equity attributable to owners of the parent company						
				Other components of equity			
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Exchange differences on translation of foreign operations*	Net gain (loss) on derivatives designated as cash flow hedges	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income
As of April 1, 2012	100,000	736,410	(94,574)	1,028	(387,228)	(309)	10,146
Profit for the period	–	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	(17,663)	47	(575)
Comprehensive income (loss) for the period	–	–	–	–	(17,663)	47	(575)
Acquisition of treasury shares	–	–	–	–	–	–	–
Disposal of treasury shares	–	–	–	–	–	–	–
Share-based payments	–	–	–	72	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in the ownership interest in a subsidiary without a loss of control	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	0
Other increase (decrease)	–	–	–	–	–	–	–
Total transactions with the owners	–	–	–	72	–	–	0
As of September 30, 2012	100,000	736,410	(94,574)	1,101	(404,891)	(262)	9,571
As of April 1, 2013	100,000	736,411	(344,573)	1,274	(171,341)	(187)	14,835
Profit for the period	–	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	167,488	111	2,949
Comprehensive income (loss) for the period	–	–	–	–	167,488	111	2,949
Acquisition of treasury shares	–	–	(0)	–	–	–	–
Disposal of treasury shares	–	1	4	(4)	–	–	–
Share-based payments	–	–	–	58	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in the ownership interest in a subsidiary without a loss of control	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(61)
Other increase (decrease)	–	–	–	–	–	–	–
Total transactions with the owners	–	1	3	54	–	–	(61)
As of September 30, 2013	100,000	736,411	(344,569)	1,328	(3,853)	(77)	17,723

*For IAS19, the comparative information was retrospectively adjusted in accordance with the transitional provisions. For details, please refer to "Matters regarding summary information (Notes), (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections."

(Millions of yen)

	Equity attributable to owners of the parent company					
	Other components of equity					
	Remeasurements of defined benefit retirement plans*	Total*	Retained earnings*	Total*	Non-controlling interests*	Total equity*
As of April 1, 2012	–	(376,363)	1,268,944	1,634,418	80,576	1,714,994
Profit for the period	–	–	168,764	168,764	3,050	171,814
Other comprehensive income (loss)	(10,150)	(28,341)	–	(28,341)	(156)	(28,497)
Comprehensive income (loss) for the period	(10,150)	(28,341)	168,764	140,423	2,894	143,317
Acquisition of treasury shares	–	–	–	–	–	–
Disposal of treasury shares	–	–	–	–	–	–
Share-based payments	–	72	–	72	–	72
Dividends	–	–	(57,129)	(57,129)	(2,261)	(59,390)
Changes in the ownership interest in a subsidiary without a loss of control	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	10,150	10,150	(10,150)	–	–	–
Other increase (decrease)	–	–	–	–	469	469
Total transactions with the owners	10,150	10,222	(67,279)	(57,057)	(1,792)	(58,848)
As of September 30, 2012	–	(394,481)	1,370,429	1,717,783	81,679	1,799,462
As of April 1, 2013	–	(155,420)	1,470,125	1,806,543	85,887	1,892,431
Profit for the period	–	–	237,147	237,147	3,910	241,057
Other comprehensive income (loss)	(60)	170,487	–	170,487	(252)	170,235
Comprehensive income (loss) for the period	(60)	170,487	237,147	407,634	3,659	411,292
Acquisition of treasury shares	–	–	–	(0)	–	(0)
Disposal of treasury shares	–	(4)	–	0	–	0
Share-based payments	–	58	–	58	–	58
Dividends	–	–	(69,065)	(69,065)	(1,755)	(70,819)
Changes in the ownership interest in a subsidiary without a loss of control	–	–	19	19	(1,628)	(1,610)
Transfer from other components of equity to retained earnings	60	(1)	1	–	–	–
Other increase (decrease)	–	–	–	–	1,903	1,903
Total transactions with the owners	60	53	(69,045)	(68,988)	(1,480)	(70,468)
As of September 30, 2013	–	15,120	1,638,227	2,145,189	88,066	2,233,255

(4) Condensed interim consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2012 Restated*	Six months ended September 30, 2013
Cash flows from operating activities		
Profit before income taxes	252,016	339,075
Depreciation and amortization	56,850	65,186
Impairment losses	2,814	331
Interest and dividend income	(1,857)	(2,500)
Interest expense	5,207	4,398
Share of profit in investments accounted for using the equity method	(2,354)	(455)
(Gain) loss on sale and disposal of property, plant and equipment, intangible assets, and investment property	805	(39,791)
(Increase) decrease in trade and other receivables	(16,260)	(4,932)
(Increase) decrease in inventories	6,919	3,550
Increase (decrease) in trade and other payables	(4,651)	(23,664)
Increase (decrease) in retirement benefit liabilities	(2,087)	(859)
(Increase) decrease in prepaid tobacco excise taxes	5,869	6,159
Increase (decrease) in tobacco excise tax payable	30,457	(150,344)
Increase (decrease) in consumption tax payable	(4,402)	(7,071)
Other	(19,021)	(60,691)
Subtotal	310,304	128,392
Interest and dividends received	2,850	4,401
Interest paid	(6,539)	(5,744)
Income taxes paid	(47,346)	(103,838)
Net cash flows from operating activities	259,269	23,211
Cash flows from investing activities		
Purchase of securities	(1,113)	(4,458)
Proceeds from sale and redemption of securities	2,313	19,911
Purchase of property, plant and equipment	(44,755)	(50,859)
Proceeds from sale of investment property	1,232	51,359
Purchase of intangible assets	(9,630)	(11,750)
Payments into time deposits	(22,348)	(339)
Proceeds from withdrawal of time deposits	23,368	4,372
Purchase of investments in subsidiaries	(45,593)	–
Other	247	(398)
Net cash flows from (used in) investing activities	(96,279)	7,839

(Millions of yen)

	Six months ended September 30, 2012 Restated*	Six months ended September 30, 2013
Cash flows from financing activities		
Dividends paid to owners of the parent company	(57,116)	(68,983)
Dividends paid to non-controlling interests	(2,261)	(1,777)
Capital contribution from non-controlling interests	216	59
Increase (decrease) in short-term borrowings and commercial paper	(12,852)	5,365
Proceeds from long-term borrowings	544	70
Repayments of long-term borrowings	(80,679)	(20,320)
Proceeds from issuance of bonds	–	49,395
Redemption of bonds	(60,350)	–
Repayments of finance lease obligations	(2,402)	(2,528)
Acquisition of treasury shares	–	(0)
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(1,610)
Other	–	0
Net cash flows used in financing activities	(214,900)	(40,330)
Net increase (decrease) in cash and cash equivalents	(51,910)	(9,280)
Cash and cash equivalents at the beginning of the period	404,740	142,713
Effect of exchange rate changes on cash and cash equivalents	(8,522)	6,855
Cash and cash equivalents at the end of the period	344,309	140,288

*Please refer to "Matters regarding summary information (Notes), (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections."

(5) Segment information

a. Outline of reportable segments

The reportable segments of the JT Group are determined based on the operating segments that are components of the JT Group about which separate financial information is available and are evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The JT Group is mainly engaged in the manufacture and sale of tobacco products, prescription drugs, beverages and processed foods. With respect to tobacco products, operations are managed separately for domestic and overseas markets. The reportable segments of the JT Group are composed of five segments: “Domestic Tobacco Business,” “International Tobacco Business,” “Pharmaceutical Business,” “Beverage Business” and “Processed Food Business.” They are determined by types of products, characteristics, and markets.

The “Domestic Tobacco Business” manufactures and sells tobacco products in domestic areas (which include duty-free shops in Japan and markets in China, Hong Kong, and Macau where the Company’s China Division operates). The “International Tobacco Business” manufactures and sells tobacco products overseas mainly through JT International S.A., which controls manufacturing and sales operations. The “Pharmaceutical Business” consists of research and development, and the manufacture and sale of prescription drugs. The “Beverage Business” consists of the manufacture and sale of beverages. The “Processed Food Business” consists of the manufacture and sale of frozen and room temperature processed food, bakery products, and seasonings.

b. Revenues and performances for reportable segments

Revenues and performances for reportable segments are as follows. The Board of Directors assesses the segment performance and determines resource allocation after reviewing revenues and adjusted EBITDA. Since "Financial income," "Financial costs" and "Income taxes" are managed by the JT Group head office, these income and expenses are excluded from the segment performance. Transactions within the segments are based on mainly the prevailing market price.

For the six months ended September 30, 2012

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Revenue									
External revenue (Note 4)	350,673	490,240	26,515	98,197	83,876	1,049,502	7,889	–	1,057,391
Intersegment revenue	15,243	16,897	–	64	361	32,565	4,600	(37,165)	–
Total revenue	365,916	507,138	26,515	98,261	84,238	1,082,067	12,489	(37,165)	1,057,391
Segment profit (loss)									
Adjusted EBITDA (Note 1)	154,202	172,868	(6,065)	7,315	2,711	331,030	(1,665)	(348)	329,017

For the six months ended September 30, 2013

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Revenue									
External revenue (Note 4)	352,334	596,225	30,413	97,187	75,841	1,152,000	7,117	–	1,159,116
Intersegment revenue	12,051	18,204	–	60	443	30,758	4,943	(35,701)	–
Total revenue	364,384	614,429	30,413	97,247	76,284	1,182,757	12,060	(35,701)	1,159,116
Segment profit (loss)									
Adjusted EBITDA (Note 1)	153,263	217,827	(3,636)	4,549	2,994	374,997	(2,969)	(310)	371,717

Reconciliation from adjusted EBITDA to "Profit before income taxes"

For the six months ended September 30, 2012

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Adjusted EBITDA (Note 1)	154,202	172,868	(6,065)	7,315	2,711	331,030	(1,665)	(348)	329,017
Depreciation and amortization	(19,623)	(25,306)	(1,659)	(4,969)	(3,538)	(55,097)	(1,910)	157	(56,850)
Adjustment items (income) (Note 5)	1,200	5	–	–	–	1,205	23	–	1,228
Adjustment items (costs) (Note 5)	(96)	(2,785)	–	–	(2,729)	(5,610)	(2,240)	–	(7,850)
Operating profit (loss)	135,682	144,782	(7,724)	2,345	(3,556)	271,529	(5,792)	(191)	265,545
Financial income									1,963
Financial costs									(15,493)
Profit before income taxes									252,016

For the six months ended September 30, 2013

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Adjusted EBITDA (Note 1)	153,263	217,827	(3,636)	4,549	2,994	374,997	(2,969)	(310)	371,717
Depreciation and amortization	(22,070)	(30,993)	(1,777)	(5,280)	(3,408)	(63,526)	(1,813)	154	(65,186)
Adjustment items (income) (Note 5)	1,044	–	–	–	244	1,288	40,685	–	41,973
Adjustment items (costs) (Note 5)	–	(91)	–	–	(115)	(205)	(937)	–	(1,142)
Operating profit (loss)	132,237	186,744	(5,413)	(730)	(285)	312,554	34,965	(156)	347,363
Financial income									2,703
Financial costs									(10,991)
Profit before income taxes									339,075

Notes: 1. For adjusted EBITDA, "Depreciation and amortization" and "Adjustment items (income and costs)" are excluded from operating profit (loss).

2. The foreign subsidiaries group, which includes a core company of JT International S.A., that is part of the "International Tobacco Business" segment has December 31 as its fiscal year end date and the profit or loss for the period from January 1 to June 30 is included in the six months ended September 30, 2012 and 2013, respectively.

3. "Other" includes business activities relating to rent of real estate and corporate expenses relating to corporate communication and operation of the head office.

4. Core revenue as part of the domestic tobacco business and the international tobacco business are as follows:

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Domestic Tobacco	335,018	335,756
International Tobacco	456,958	559,657

5. Adjustment items (income) include restructuring income of gain on sale of real estates. Adjustment items (costs) include restructuring costs of the closing down of the factory and cooperation fee for terminating leaf tobacco farming.
The breakdown of adjustment items (costs) is as follows:

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Restructuring costs	7,845	1,142
Cooperation fee for terminating leaf tobacco farming	4	–
Adjustment items (costs)	7,850	1,142

Restructuring costs for the six months ended September 30, 2012 include costs of rationalization measures in the international tobacco business and the dissolution of the processed fishery products business in the processed food business.

(6) Notes on premise of going concern

No items to report.

(7) Significant events after the reporting period

On October 30, 2013, the Board of Directors resolved to execute the following measures to further strengthen the competitiveness and profitability of the Japanese domestic tobacco business as the Group's core business with a view towards enhancing adaptability to changes in the business environment and achieving sustainable growth.

1. Restructuring of sales operation

   On April 1, 2015, the current 25 area branch offices will be consolidated into 15 regional sales headquarters to optimize nationwide sales offices.

2. Closure of factories

   The Koriyama factory, Hamamatsu factory, Okayama printing factory, leaf processing operation of East-Japan Regional Leaf Tobacco Headquarters and Vending Machinery division will be closed at the end of March 2015.

   The Hiratsuka factory will be closed at the end of March 2016.

3. Reinforcement of business fundamentals

   Greater empowerment and autonomy will be given to the regional sales headquarters and factories.

4. Voluntary retirement program

   A voluntary retirement program, which will amount to approximately 1,600 jobs, will be offered to employees in the Japanese domestic tobacco business and the corporate department, in order to rightsize the workforce in accordance with the aforementioned measures. (The majority of the applicants will leave the Company at the end of March 2015, while some will leave the Company at the end of March 2016).

The impact of the above measures on our consolidated operating results and financial position cannot be measured currently.