[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 FY2014 First Quarter (April 1, 2014 through June 30, 2014)" and JT's website (http://www.jti.co.jp/) for other information.]

July 30, 2014

Consolidated Financial Results for the Three Months Ended June 30, 2014 <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: July 31, 2014
Scheduled starting date of the dividend payments: –
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 three months of the fiscal year ending December 31, 2014 (from April 1, 2014 to June 30, 2014)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2014	556,448	1.6	148,227	1.2	147,516	4.2	107,796	7.9
June 30, 2013	547,937	7.0	146,483	13.9	141,591	13.9	99,907	15.6

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2014	106,181	8.2	3,465	(98.1)	58.42	58.39
June 30, 2013	98,104	16.1	184,655	(22.3)	53.98	53.95

(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
June 30, 2014	4,399,198	2,480,969	2,396,215	54.5	1,318.38
March 31, 2014	4,616,766	2,596,091	2,505,610	54.3	1,378.57

Note: 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 and changes in accounting estimates" on page 4.

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, 2014	-	46.00	-	50.00	96.00
Year ending December 31, 2014	-				
Year ending December 31, 2014 (Forecast)		50.00	-	50.00	100.00

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

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

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending December 31, 2014	2,150,000	-	482,000	-	344,000	-	189.27

Note: Revisions to the consolidated earnings forecasts most recently announced: None

The Company has changed its fiscal year end from March 31 to December 31. The same change has been made to consolidated subsidiaries with fiscal year ends other than December 31. Year-on-year changes are not presented because the current fiscal year is a transitional year due to this change of the fiscal year end.

Based on the assumption that the fiscal year of the Company and all of its consolidated subsidiaries is 12 months from January to December, consolidated earnings forecasts for the year ending December 31, 2014 (on a comparable basis) will be as follows. (Percentages indicate year-on-year changes.)

Revenue:	¥2,430,000 million	2.4%
Adjusted operating profit:	¥623,000 million	1.6%
Operating profit:	¥554,000 million	-13.9%
Profit attributable to owners of the parent company:	¥370,000 million	-16.6%
Basic earnings per share:	¥203.57	

Notes

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

With the aim of creating a flexible and competitive operational structure, TableMark Co., Ltd., which runs the JT Group's processed food business, conducted a company split with an effective date of April 1, 2014, in which TableMark Co., Ltd. is the company conducting business operations and TableMark Holdings Co., Ltd. is a pure holding company.

(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 and changes in accounting estimates" 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 June 30, 2014	2,000,000,000	shares
As of March 31, 2014	2,000,000,000	shares

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

As of June 30, 2014	182,451,388	shares
As of March 31, 2014	182,451,988	shares

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

Three months ended June 30, 2014	1,817,548,546	shares
Three months ended June 30, 2013	1,817,489,999	shares

* 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 have been completed.

* 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 that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecasts.

(2) 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 (changes in specified subsidiaries resulting in change in scope of consolidation)

No items to report.

With the aim of creating a flexible and competitive operational structure, TableMark Co., Ltd., which runs the JT Group's processed food business, conducted a company split with an effective date of April 1, 2014, in which TableMark Co., Ltd. is the company conducting business operations and TableMark Holdings Co., Ltd. is a pure holding company.

(2) Changes in accounting policies and changes in accounting estimates

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, 2014, with the exception of the items described below.

The Group calculated income taxes for the three months ended June 30, 2014, based on the estimated average annual effective tax rate.

(Changes in accounting policies)

The accounting standards and interpretations applied by the Group effective from the first quarter ended June 30, 2014 are as follows.

IFRS		Description of new standards/amendments
IAS39	Financial Instruments: Recognition and Measurement	Provision of the requirements for continuation of hedge accounting in line with renewals of counterparties in derivative contracts
IFRIC21	Levies	Clarification of accounting treatment of levies

The effect of the application of the above standards and interpretations on the condensed interim consolidated financial statements is immaterial.

For IFRIC21, 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 FY2014 first quarter (April 1, 2014 through June 30, 2014)."

FORWARD-LOOKING 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.

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; 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, 2014 Restated*	As of June 30, 2014
Assets		
Current assets		
Cash and cash equivalents	253,219	138,659
Trade and other receivables	440,210	394,220
Inventories	550,987	527,314
Other financial assets	17,333	21,357
Other current assets	226,012	295,255
Subtotal	1,487,761	1,376,804
Non-current assets held-for-sale	1,952	1,040
Total current assets	1,489,713	1,377,844
Non-current assets		
Property, plant and equipment	779,987	758,998
Goodwill	1,584,432	1,521,847
Intangible assets	385,101	368,801
Investment property	61,421	62,634
Retirement benefit assets	16,530	16,951
Investments accounted for using the equity method	106,107	104,750
Other financial assets	92,596	91,605
Deferred tax assets	100,880	95,768
Total non-current assets	3,127,053	3,021,354
Total assets	4,616,766	4,399,198

(Millions of yen)

	As of March 31, 2014 Restated*	As of June 30, 2014
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	360,025	294,430
Bonds and borrowings	195,562	291,389
Income tax payables	77,158	44,351
Other financial liabilities	9,491	8,618
Provisions	7,362	5,797
Other current liabilities	606,161	567,361
Subtotal	1,255,759	1,211,947
Liabilities directly associated with non-current assets held-for-sale	75	–
Total current liabilities	1,255,834	1,211,947
Non-current liabilities		
Bonds and borrowings	166,165	131,342
Other financial liabilities	17,731	17,897
Retirement benefit liabilities	340,462	338,526
Provisions	5,241	5,123
Other non-current liabilities	126,539	108,566
Deferred tax liabilities	108,703	104,829
Total non-current liabilities	764,842	706,282
Total liabilities	2,020,675	1,918,229
Equity		
Share capital	100,000	100,000
Capital surplus	736,400	736,401
Treasury shares	(344,463)	(344,462)
Other components of equity	251,107	147,133
Retained earnings	1,762,566	1,757,143
Equity attributable to owners of the parent company	2,505,610	2,396,215
Non-controlling interests	90,481	84,755
Total equity	2,596,091	2,480,969
Total liabilities and equity	4,616,766	4,399,198

*Please refer to "Matters regarding summary information (Notes), (2) Changes in accounting policies and changes in accounting estimates."

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

Condensed interim consolidated statement of income

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Revenue	547,937	556,448
Cost of sales	(220,522)	(226,392)
Gross profit	327,415	330,056
Other operating income	4,748	7,637
Share of profit in investments accounted for using the equity method	274	1,279
Selling, general and administrative expenses	(185,954)	(190,745)
Operating profit	146,483	148,227
Financial income	1,444	3,049
Financial costs	(6,336)	(3,760)
Profit before income taxes	141,591	147,516
Income taxes	(41,684)	(39,720)
Profit for the period	99,907	107,796
Attributable to:		
Owners of the parent company	98,104	106,181
Non-controlling interests	1,803	1,615
Profit for the period	99,907	107,796
Earnings per share		
Basic (Yen)	53.98	58.42
Diluted (Yen)	53.95	58.39

Reconciliation from “Operating profit” to “Adjusted operating profit”

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Operating profit	146,483	148,227
Amortization cost of acquired intangibles	6,384	7,335
Adjustment items (income)	(1,624)	(6,957)
Adjustment items (costs)	128	267
Adjusted operating profit	151,371	148,872

Condensed interim consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Profit for the period	99,907	107,796
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	900	3,348
Remeasurements of defined benefit plans	(26)	–
Total of items that will not be reclassified to profit or loss	874	3,348
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	83,856	(107,424)
Net gain (loss) on derivatives designated as cash flow hedges	19	(254)
Total of items that may be reclassified subsequently to profit or loss	83,874	(107,678)
Other comprehensive income (loss), net of taxes	84,748	(104,330)
Comprehensive income (loss) for the period	184,655	3,465
Attributable to:		
Owners of the parent company	182,942	1,858
Non-controlling interests	1,713	1,607
Comprehensive income (loss) for the period	184,655	3,465

(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, 2013	100,000	736,411	(344,573)	1,274	(171,341)	(187)	14,835
Profit for the period	–	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	83,978	19	901
Comprehensive income (loss) for the period	–	–	–	–	83,978	19	901
Acquisition of treasury shares	–	–	(0)	–	–	–	–
Disposal of treasury shares	–	0	1	(1)	–	–	–
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	–	–	–	–	–	–	(21)
Other increase (decrease)	–	–	–	–	–	–	–
Total transactions with the owners	–	0	0	57	–	–	(21)
As of June 30, 2013	100,000	736,411	(344,572)	1,331	(87,363)	(169)	15,715
As of April 1, 2014	100,000	736,400	(344,463)	1,443	229,990	293	19,380
Profit for the period	–	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	(107,423)	(254)	3,354
Comprehensive income (loss) for the period	–	–	–	–	(107,423)	(254)	3,354
Acquisition of treasury shares	–	–	–	–	–	–	–
Disposal of treasury shares	–	1	1	(2)	–	–	–
Share-based payments	–	–	–	64	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in the ownership interest in a subsidiary without a loss of control	–	–	–	–	263	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	23
Other increase (decrease)	–	–	–	–	–	–	–
Total transactions with the owners	–	1	1	62	263	–	23
As of June 30, 2014	100,000	736,401	(344,462)	1,506	122,831	39	22,758

(Millions of yen)

	Equity attributable to owners of the parent company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total		
	Remeasurements of defined benefit plans	Total				
As of April 1, 2013	–	(155,420)	1,470,125	1,806,543	85,887	1,892,431
Profit for the period	–	–	98,104	98,104	1,803	99,907
Other comprehensive income (loss)	(60)	84,838	–	84,838	(90)	84,748
Comprehensive income (loss) for the period	(60)	84,838	98,104	182,942	1,713	184,655
Acquisition of treasury shares	–	–	–	(0)	–	(0)
Disposal of treasury shares	–	(1)	–	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	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	60	39	(39)	–	–	–
Other increase (decrease)	–	–	–	–	1,160	1,160
Total transactions with the owners	60	96	(69,104)	(69,007)	(595)	(69,602)
As of June 30, 2013	–	(70,486)	1,499,125	1,920,479	87,005	2,007,484
As of April 1, 2014	–	251,107	1,762,566	2,505,610	90,481	2,596,091
Profit for the period	–	–	106,181	106,181	1,615	107,796
Other comprehensive income (loss)	–	(104,323)	–	(104,323)	(7)	(104,330)
Comprehensive income (loss) for the period	–	(104,323)	106,181	1,858	1,607	3,465
Acquisition of treasury shares	–	–	–	–	–	–
Disposal of treasury shares	–	(2)	–	0	–	0
Share-based payments	–	64	–	64	–	64
Dividends	–	–	(90,877)	(90,877)	(1,209)	(92,087)
Changes in the ownership interest in a subsidiary without a loss of control	–	263	(20,703)	(20,440)	(5,733)	(26,173)
Transfer from other components of equity to retained earnings	–	23	(23)	–	–	–
Other increase (decrease)	–	–	–	–	(391)	(391)
Total transactions with the owners	–	349	(111,604)	(111,253)	(7,333)	(118,587)
As of June 30, 2014	–	147,133	1,757,143	2,396,215	84,755	2,480,969

(4) Condensed interim consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2013 Restated*	Three months ended June 30, 2014
Cash flows from operating activities		
Profit before income taxes	141,591	147,516
Depreciation and amortization	32,181	34,234
Impairment losses	146	41
Interest and dividend income	(1,244)	(2,957)
Interest expense	2,235	2,125
Share of profit in investments accounted for using the equity method	(274)	(1,279)
(Gains) losses on sale and disposal of property, plant and equipment, intangible assets, and investment property	(730)	(5,884)
(Increase) decrease in trade and other receivables	(1,917)	31,881
(Increase) decrease in inventories	4,593	10,031
Increase (decrease) in trade and other payables	(27,278)	(54,485)
Increase (decrease) in retirement benefit liabilities	(505)	667
(Increase) decrease in prepaid tobacco excise taxes	(42,817)	(63,816)
Increase (decrease) in tobacco excise tax payables	59,608	(6,772)
Increase (decrease) in consumption tax payables	(9,220)	9,505
Other	(67,030)	(44,200)
Subtotal	89,337	56,607
Interest and dividends received	2,123	3,991
Interest paid	(1,944)	(1,619)
Income taxes paid	(85,649)	(86,090)
Net cash flows from operating activities	3,867	(27,111)
Cash flows from investing activities		
Purchase of securities	(434)	(1,633)
Proceeds from sale and redemption of securities	4,129	626
Purchase of property, plant and equipment	(22,963)	(28,844)
Proceeds from sale of investment property	9,319	7,274
Purchase of intangible assets	(9,977)	(3,226)
Payments into time deposits	(162)	(11)
Proceeds from withdrawal of time deposits	4,198	–
Other	581	(1,622)
Net cash flows from investing activities	(15,309)	(27,437)

(Millions of yen)

	Three months ended June 30, 2013 Restated*	Three months ended June 30, 2014
Cash flows from financing activities		
Dividends paid to owners of the parent company	(66,508)	(89,506)
Dividends paid to non-controlling interests	(1,109)	(502)
Increase (decrease) in short-term borrowings and commercial paper	64,899	235,957
Proceeds from long-term borrowings	70	–
Repayments of long-term borrowings	(185)	(135)
Redemption of bonds	–	(170,670)
Repayments of finance lease obligations	(1,288)	(1,207)
Acquisition of treasury shares	(0)	–
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(25,876)
Other	0	0
Net cash flows from financing activities	(4,122)	(51,938)
Net increase (decrease) in cash and cash equivalents	(15,565)	(106,485)
Cash and cash equivalents at the beginning of the period	142,713	253,219
Effect of exchange rate changes on cash and cash equivalents	3,665	(8,074)
Cash and cash equivalents at the end of the period	130,813	138,659

*Please refer to "Matters regarding summary information (Notes), (2) Changes in accounting policies and changes in accounting estimates."

(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 operating profit. 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 three months ended June 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)	172,984	271,092	16,845	45,929	37,425	544,276	3,662	–	547,937
Intersegment revenue	5,462	8,731	–	33	204	14,430	2,518	(16,949)	–
Total revenue	178,446	279,823	16,845	45,963	37,629	558,706	6,180	(16,949)	547,937
Segment profit (loss)									
Adjusted operating profit (Note 1)	64,644	90,249	(949)	(1,589)	97	152,452	(1,005)	(76)	151,371

For the three months ended June 30, 2014

(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)	152,486	305,150	13,113	44,909	37,349	553,007	3,441	–	556,448
Intersegment revenue	3,556	8,351	–	21	135	12,062	2,642	(14,703)	–
Total revenue	156,041	313,500	13,113	44,930	37,484	565,069	6,083	(14,703)	556,448
Segment profit (loss)									
Adjusted operating profit (Note 1)	51,253	105,068	(3,754)	(1,369)	32	151,230	(2,401)	43	148,872

Reconciliation from “Adjusted operating profit” to “Profit before income taxes”

For the three months ended June 30, 2013

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Adjusted operating profit (Note 1)	64,644	90,249	(949)	(1,589)	97	152,452	(1,005)	(76)	151,371
Amortization cost of acquired intangibles	–	(6,384)	–	–	–	(6,384)	–	–	(6,384)
Adjustment items (income) (Note 5)	1,044	–	–	–	126	1,171	454	–	1,624
Adjustment items (costs) (Note 5)	–	17	–	–	(71)	(53)	(75)	–	(128)
Operating profit (loss)	65,688	83,883	(949)	(1,589)	153	147,185	(626)	(76)	146,483
Financial income									1,444
Financial costs									(6,336)
Profit before income taxes									141,591

For the three months ended June 30, 2014

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco (Note 2)	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Adjusted operating profit (Note 1)	51,253	105,068	(3,754)	(1,369)	32	151,230	(2,401)	43	148,872
Amortization cost of acquired intangibles	–	(7,335)	–	–	–	(7,335)	–	–	(7,335)
Adjustment items (income) (Note 5)	–	286	–	–	413	699	6,258	–	6,957
Adjustment items (costs) (Note 5)	(43)	(182)	–	–	(1)	(227)	(40)	–	(267)
Operating profit (loss)	51,210	97,837	(3,754)	(1,369)	443	144,366	3,817	43	148,227
Financial income									3,049
Financial costs									(3,760)
Profit before income taxes									147,516

Notes: 1. For adjusted operating profit, “Amortization cost of acquired intangibles” and “Adjustment items (income and costs)” are excluded from operating profit (loss).

In the segment information, effective from the three months ended June 30, 2014, the performance management indicators for the Group have been changed from adjusted EBITDA, which has hitherto been used, to adjusted operating profit. In addition, the segment information for the three months ended June 30, 2013, has been retrospectively adjusted to reflect the change.

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 March 31 is included in the three months ended June 30, 2013 and 2014, 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)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Domestic Tobacco	165,164	144,238
International Tobacco	252,291	283,731

5. Adjustment items (income) include restructuring income of gain on sale of real estates, etc. Adjustment items (costs) include restructuring costs of the closing down of the factory, etc.

The breakdown of adjustment items (costs) is as follows:

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Restructuring costs	128	267
Adjustment items (costs)	128	267

(6) Notes on premise of going concern

No items to report.