[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 FY2015 Second Quarter (January 1, 2015 through June 30, 2015)" and JT's website (http://www.jti.co.jp/) for other information.]

August 3, 2015

Consolidated Financial Results for the Six Months Ended June 30, 2015 <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: August 4, 2015
Scheduled starting date of the dividend payments: September 1, 2015
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 December 31, 2015 (from January 1, 2015 to June 30, 2015)

(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	%
June 30, 2015	1,171,718	-	289,997	-	291,305	-	213,677	-
September 30, 2014	1,174,450	1.3	307,065	(11.6)	302,952	(10.7)	223,149	(7.4)

	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
June 30, 2015	211,466	-	157,295	-	117.49	117.42
September 30, 2014	219,340	(7.5)	91,884	(77.7)	120.68	120.61

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. Consequently, year-on-year changes are not presented.

(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, 2015	4,538,916	2,586,911	2,500,338	55.1	1,396.31
December 31, 2014	4,704,706	2,622,503	2,536,838	53.9	1,395.74

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 December 31, 2014	-	50.00	-	50.00	100.00
Year ending December 31, 2015	-	54.00			
Year ending December 31, 2015 (Forecast)			-	54.00	108.00

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

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2015 (January 1, 2015 to December 31, 2015)

(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, 2015	2,350,000	-	668,000	-	471,000	-	262.36

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

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. Consequently, year-on-year changes are not presented.

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 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, 2015	2,000,000,000	shares
As of December 31, 2014	2,000,000,000	shares

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

As of June 30, 2015	209,330,431	shares
As of December 31, 2014	182,443,388	shares

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

Six months ended June 30, 2015	1,799,878,919	shares
Six months ended September 30, 2014	1,817,550,984	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

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 "FORWARD-LOOKING STATEMENTS" for the assumptions and suppositions that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecasts.

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.

(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 December 31, 2014, with the exception of the items described below.

The Group calculated income taxes for the six months ended June 30, 2015, 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 March 31, 2015, are as follows.

IFRS		Description of new standards/amendments
IFRS 9	Financial Instruments (Amended November 2013)	Amendment of hedge accounting
IAS 19	Employee Benefits	Clarification of the accounting treatment of contributions from employees or third parties that are required under the rules of a defined benefit plan

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

Of those mentioned above, the IFRS 9 amendment has been applied early.

* 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 FY2015 second quarter (January 1, 2015 through June 30, 2015).”

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;

(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.

Condensed interim consolidated financial statements (IFRS)

(1) Condensed interim consolidated statement of financial position

(Millions of yen)

	As of December 31, 2014	As of June 30, 2015
Assets		
Current assets		
Cash and cash equivalents	385,820	343,637
Trade and other receivables	448,402	422,719
Inventories	587,849	561,932
Other financial assets	43,907	25,149
Other current assets	230,530	246,812
Subtotal	1,696,507	1,600,249
Non-current assets held-for-sale	367	2,671
Total current assets	1,696,874	1,602,920
Non-current assets		
Property, plant and equipment	756,127	734,474
Goodwill	1,539,376	1,491,609
Intangible assets	364,912	352,144
Investment property	17,870	19,917
Retirement benefit assets	35,402	36,080
Investments accounted for using the equity method	76,825	75,504
Other financial assets	91,959	106,892
Deferred tax assets	125,361	119,376
Total non-current assets	3,007,832	2,935,996
Total assets	4,704,706	4,538,916

(Millions of yen)

	As of December 31, 2014	As of June 30, 2015
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	419,764	339,976
Bonds and borrowings	107,562	267,209
Income tax payables	54,942	58,649
Other financial liabilities	14,463	11,944
Provisions	9,200	18,584
Other current liabilities	754,169	556,528
Total current liabilities	1,360,098	1,252,891
Non-current liabilities		
Bonds and borrowings	101,001	101,935
Other financial liabilities	18,617	19,584
Retirement benefit liabilities	351,915	353,445
Provisions	25,425	12,967
Other non-current liabilities	121,792	114,931
Deferred tax liabilities	103,356	96,253
Total non-current liabilities	722,106	699,115
Total liabilities	2,082,204	1,952,005
Equity		
Share capital	100,000	100,000
Capital surplus	736,400	736,405
Treasury shares	(344,447)	(444,429)
Other components of equity	142,425	99,944
Retained earnings	1,902,460	2,008,418
Equity attributable to owners of the parent company	2,536,838	2,500,338
Non-controlling interests	85,665	86,573
Total equity	2,622,503	2,586,911
Total liabilities and equity	4,704,706	4,538,916

(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, 2014	Six months ended June 30, 2015
Revenue	1,174,450	1,171,718
Cost of sales	(473,936)	(474,450)
Gross profit	700,514	697,268
Other operating income	10,387	2,615
Share of profit in investments accounted for using the equity method	3,518	2,844
Selling, general and administrative expenses	(407,353)	(412,730)
Operating profit	307,065	289,997
Financial income	5,956	8,917
Financial costs	(10,069)	(7,610)
Profit before income taxes	302,952	291,305
Income taxes	(79,803)	(77,628)
Profit for the period	223,149	213,677
Attributable to:		
Owners of the parent company	219,340	211,466
Non-controlling interests	3,809	2,211
Profit for the period	223,149	213,677
Interim earnings per share		
Basic (Yen)	120.68	117.49
Diluted (Yen)	120.61	117.42

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Operating profit	307,065	289,997
Amortization cost of acquired intangibles	14,704	15,233
Adjustment items (income)	(8,723)	(395)
Adjustment items (costs)	15,261	23,020
Adjusted operating profit	328,306	327,856

Condensed interim consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Profit for the period	223,149	213,677
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	5,462	10,433
Remeasurements of defined benefit plans	(22,074)	(14,634)
Total of items that will not be reclassified to profit or loss	(16,612)	(4,201)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(114,815)	(52,616)
Net gain (loss) on derivatives designated as cash flow hedges	163	435
Total of items that may be reclassified subsequently to profit or loss	(114,652)	(52,181)
Other comprehensive income (loss), net of taxes	(131,265)	(56,382)
Comprehensive income (loss) for the period	91,884	157,295
Attributable to:		
Owners of the parent company	87,992	155,343
Non-controlling interests	3,893	1,952
Comprehensive income (loss) for the period	91,884	157,295

(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, 2014	100,000	736,400	(344,463)	1,443	229,990	293	19,380
Profit for the period	–	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	(114,911)	163	5,474
Comprehensive income (loss) for the period	–	–	–	–	(114,911)	163	5,474
Acquisition of treasury shares	–	–	–	–	–	–	–
Disposal of treasury shares	–	–	14	(11)	–	–	–
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	–	–	14	54	263	–	23
As of September 30, 2014	100,000	736,400	(344,449)	1,497	115,342	456	24,878
As of January 1, 2015	100,000	736,400	(344,447)	1,631	116,421	1,215	23,156
Profit for the period	–	–	–	–	–	–	–
Other comprehensive income (loss)	–	–	–	–	(52,153)	435	10,250
Comprehensive income (loss) for the period	–	–	–	–	(52,153)	435	10,250
Acquisition of treasury shares	–	–	(100,000)	–	–	–	–
Disposal of treasury shares	–	5	18	(23)	–	–	–
Share-based payments	–	–	–	29	–	–	–
Dividends	–	–	–	–	–	–	–
Changes in the ownership interest in a subsidiary without a loss of control	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(25)
Other increase (decrease)	–	–	–	–	–	(994)	–
Total transactions with the owners	–	5	(99,982)	6	–	(994)	(25)
As of June 30, 2015	100,000	736,405	(444,429)	1,637	64,268	657	33,382

(Millions of yen)

	Equity attributable to owners of the parent company					
	Other components of equity					
	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total equity
As of April 1, 2014	–	251,107	1,762,566	2,505,610	90,481	2,596,091
Profit for the period	–	–	219,340	219,340	3,809	223,149
Other comprehensive income (loss)	(22,074)	(131,349)	–	(131,349)	84	(131,265)
Comprehensive income (loss) for the period	(22,074)	(131,349)	219,340	87,992	3,893	91,884
Acquisition of treasury shares	–	–	–	–	–	–
Disposal of treasury shares	–	(11)	(4)	0	–	0
Share-based payments	–	64	–	64	–	64
Dividends	–	–	(90,877)	(90,877)	(1,211)	(92,089)
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	22,074	22,097	(22,097)	–	–	–
Other increase (decrease)	–	–	–	–	(559)	(559)
Total transactions with the owners	22,074	22,414	(133,682)	(111,253)	(7,503)	(118,756)
As of September 30, 2014	–	142,173	1,848,225	2,482,349	86,870	2,569,219
As of January 1, 2015	–	142,425	1,902,460	2,536,838	85,665	2,622,503
Profit for the period	–	–	211,466	211,466	2,211	213,677
Other comprehensive income (loss)	(14,655)	(56,123)	–	(56,123)	(259)	(56,382)
Comprehensive income (loss) for the period	(14, 655)	(56,123)	211,466	155,343	1,952	157,295
Acquisition of treasury shares	–	–	–	(100,000)	–	(100,000)
Disposal of treasury shares	–	(23)	–	0	–	0
Share-based payments	–	29	–	29	–	29
Dividends	–	–	(90,878)	(90,878)	(1,166)	(92,044)
Changes in the ownership interest in a subsidiary without a loss of control	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	14, 655	14,630	(14,630)	–	–	–
Other increase (decrease)	–	(994)	–	(994)	121	(872)
Total transactions with the owners	14, 655	13,642	(105,507)	(191, 843)	(1,044)	(192,887)
As of June 30, 2015	–	99,944	2,008,418	2,500,338	86,573	2, 586,911

(4) Condensed interim consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Cash flows from operating activities		
Profit before income taxes	302,952	291,305
Depreciation and amortization	68,541	70,542
Impairment losses	325	4,883
Interest and dividend income	(5,823)	(8,509)
Interest expense	3,324	2,009
Share of profit in investments accounted for using the equity method	(3,518)	(2,844)
(Gains) losses on sale and disposal of property, plant and equipment, intangible assets and investment property	(6,702)	8,985
(Increase) decrease in trade and other receivables	29,610	16,581
(Increase) decrease in inventories	9,112	27,959
Increase (decrease) in trade and other payables	(24,997)	(68,009)
Increase (decrease) in retirement benefit liabilities	(9,855)	(7,356)
(Increase) decrease in prepaid tobacco excise taxes	(11,389)	898
Increase (decrease) in tobacco excise tax payables	(50,925)	(134,917)
Increase (decrease) in consumption tax payables	31,653	(34,050)
Other	(35,053)	(59,331)
Subtotal	297,256	108,146
Interest and dividends received	9,496	12,344
Interest paid	(5,952)	(1,898)
Income taxes paid	(96,425)	(75,447)
Net cash flows from operating activities	204,376	43,145
Cash flows from investing activities		
Purchase of securities	(2,714)	(390)
Proceeds from sale and redemption of securities	1,226	1,139
Purchase of property, plant and equipment	(56,163)	(58,873)
Proceeds from sale of investment property	9,929	255
Purchase of intangible assets	(5,376)	(6,107)
Payments into time deposits	(321)	(399)
Proceeds from withdrawal of time deposits	323	357
Other	(2,101)	(2,578)
Net cash flows from investing activities	(55,198)	(66,595)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Cash flows from financing activities		
Dividends paid to owners of the parent company	(90,863)	(90,941)
Dividends paid to non-controlling interests	(1,136)	(1,090)
Increase (decrease) in short-term borrowings and commercial paper	73,203	201,517
Repayments of long-term borrowings	(1,157)	(30,072)
Redemption of bonds	(170,670)	–
Repayments of finance lease obligations	(2,576)	(2,416)
Acquisition of treasury shares	–	(100,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(25,876)	–
Other	0	0
Net cash flows from financing activities	(219,075)	(23,001)
Net increase (decrease) in cash and cash equivalents	(69,897)	(46,451)
Cash and cash equivalents at the beginning of the period	253,219	385,820
Effect of exchange rate changes on cash and cash equivalents	(11,378)	4,268
Cash and cash equivalents at the end of the period	171,943	343,637

(5) Segment information

a. Outline of reportable segments

The reportable segments of the Group are determined based on the operating segments that are components of the 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 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 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 foods, 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 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, 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)	329,730	639,252	28,415	93,652	77,017	1,168,068	6,382	–	1,174,450
Intersegment revenue	8,674	18,545	–	46	295	27,560	5,185	(32,745)	–
Total revenue	338,405	657,797	28,415	93,699	77,312	1,195,628	11,567	(32,745)	1,174,450
Segment profit (loss)									
Adjusted operating profit (Note 1)	121,454	219,922	(6,424)	(81)	(270)	334,601	(6,312)	17	328,306

For the six months ended June 30, 2015

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Revenue									
External revenue (Note 4)	329,189	642,162	34,776	82,003	79,339	1,167,470	4,248	–	1,171,718
Intersegment revenue	11,085	23,524	–	34	222	34,865	9,973	(44,839)	–
Total revenue	340,275	665,686	34,776	82,038	79,561	1,202,335	14,221	(44,839)	1,171,718
Segment profit (loss)									
Adjusted operating profit (Note 1)	125,807	212,932	(2,124)	(816)	1,106	336,905	(8,501)	(548)	327,856

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

For the six months ended September 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)	121,454	219,922	(6,424)	(81)	(270)	334,601	(6,312)	17	328,306
Amortization cost of acquired intangibles	–	(14,704)	–	–	–	(14,704)	–	–	(14,704)
Adjustment items (income) (Note 5)	45	290	–	–	413	747	7,976	–	8,723
Adjustment items (costs) (Note 5)	(11,110)	(3,776)	–	–	(13)	(14,899)	(362)	–	(15,261)
Operating profit (loss)	110,389	201,732	(6,424)	(81)	130	305,746	1,302	17	307,065
Financial income									5,956
Financial costs									(10,069)
Profit before income taxes									302,952

For the six months ended June 30, 2015

(Millions of yen)

	Reportable Segments								
	Domestic Tobacco	International Tobacco	Pharmaceutical	Beverage	Processed Food	Total	Other (Note 3)	Elimination	Consolidated
Adjusted operating profit (Note 1)	125,807	212,932	(2,124)	(816)	1,106	336,905	(8,501)	(548)	327,856
Amortization cost of acquired intangibles	–	(15,233)	–	–	–	(15,233)	–	–	(15,233)
Adjustment items (income) (Note 5)	71	–	–	2	25	98	297	–	395
Adjustment items (costs) (Note 5)	(1,827)	(2,189)	–	(7,800)	(2)	(11,818)	(11,203)	–	(23,020)
Operating profit (loss)	124,052	195,510	(2,124)	(8,614)	1,129	309,952	(19,407)	(548)	289,997
Financial income									8,917
Financial costs									(7,610)
Profit before income taxes									291,305

Notes: 1. For adjusted operating profit, amortization cost of acquired intangibles, 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., part of the "International Tobacco Business" segment, continues to have December 31 as its fiscal year end date as before, and the profit or loss for the period from January 1, 2014 to June 30, 2014 is included in the six months ended September 30, 2014.

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" is as follows:

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Domestic Tobacco	312,418	312,207
International Tobacco	602,032	609,226

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.

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Restructuring costs	15,261	23,020
Adjustment items (costs)	15,261	23,020

Restructuring costs for the six months ended September 30, 2014 mainly relate to costs of measures to strengthen the competitiveness of "Domestic Tobacco Business."

Restructuring costs for the six months ended June 30, 2015 mainly relate to withdrawal from the manufacture and sale of JT beverage products in the "Beverage Business" and disposal of real estate.

(6) Notes on premise of going concern

No items to report.

(7) Significant events after the reporting period

a. Issuance of Straight Bonds

The Company issued Ninth, Tenth and Eleventh Series Straight Bonds with general mortgage on July 15, 2015.

The Ninth Series Straight Bonds with General Mortgage (Five Years)

1.	Total amount of issue:	¥60.0 billion
2.	Interest rate:	0.217% per annum
3.	Issue price:	¥100 per face value of ¥100
4.	Redemption price:	¥100 per face value of ¥100
5.	Issue date:	July 15, 2015
6.	Maturity date:	July 15, 2020
7.	Redemption:	The Bonds will be redeemed in full upon maturity. The Company may, at any time after the date of payment, purchase the Bonds and have such purchased Bonds cancelled.
8.	Mortgage:	General mortgage under the Japan Tobacco Inc. Act
9.	Use of proceeds:	Repayment of short-term debts

The Tenth Series Straight Bonds with General Mortgage (Seven Years)

1.	Total amount of issue:	¥30.0 billion
2.	Interest rate:	0.358% per annum
3.	Issue price:	¥100 per face value of ¥100
4.	Redemption price:	¥100 per face value of ¥100
5.	Issue date:	July 15, 2015
6.	Maturity date:	July 15, 2022
7.	Redemption:	The Bonds will be redeemed in full upon maturity. The Company may, at any time after the date of payment, purchase the Bonds and have such purchased Bonds cancelled.
8.	Mortgage:	General mortgage under the Japan Tobacco Inc. Act
9.	Use of proceeds:	Repayment of short-term debts

The Eleventh Series Straight Bonds with General Mortgage (10 Years)

1.	Total amount of issue:	¥25.0 billion
2.	Interest rate:	0.599% per annum
3.	Issue price:	¥100 per face value of ¥100
4.	Redemption price:	¥100 per face value of ¥100
5.	Issue date:	July 15, 2015
6.	Maturity date:	July 15, 2025
7.	Redemption:	The Bonds will be redeemed in full upon maturity. The Company may, at any time after the date of payment, purchase the Bonds and have such purchased Bonds cancelled.
8.	Mortgage:	General mortgage under the Japan Tobacco Inc. Act
9.	Use of proceeds:	Repayment of short-term debts

b. Transfer of shares of subsidiaries conducting vending machine operation business and JT beverage brands

The Company decided by resolution at a meeting of the Board of Directors held on May 25, 2015 to enter into a basic agreement with Suntory Beverage & Food Limited ("SBF") to transfer all shares the Company held in its subsidiaries conducting vending machine operation business - Japan Beverage Holdings Inc. and JT A-star Co., Ltd.. The agreement also includes the transfer of JT beverage brands "Roots" and "Momono Tennensui." Based on the basic agreement, the Company and SBF concluded a definitive agreement on July 7, 2015 and completed the transfer of the above-mentioned shares and brands on July 31, 2015. Transfer value is approximately ¥150.0 billion.

In addition to that, the Board of Directors resolved to withdraw from the manufacture and sale of JT beverage products on February 4, 2015. The manufacture and sale of JT beverage products is expected to be discontinued by the end of September 2015.

As a result, the reportable segments will be composed of four segments starting from the third quarter ending September 30, 2015: "Domestic Tobacco Business," "International Tobacco Business," "Pharmaceutical Business," and "Processed Food Business."