

[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 “Overview of Consolidated Financial Results for FY2013 First Quarter (April 1, 2013 through June 30, 2013)” and JT’s website (<http://www.jti.co.jp/>) for other information.]



July 30, 2013

Consolidated Financial Results for the Three Months Ended June 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: August 9, 2013
 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 March 31, 2014 (from April 1, 2013 to June 30, 2013)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2013	547,937	7.0	146,483	13.9	141,591	13.9	99,907	15.6
June 30, 2012	512,108	17.2	128,570	68.2	124,345	72.4	86,394	80.8

	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, 2013	98,104	16.1	184,655	(22.3)	53.98	53.95
June 30, 2012	84,519	83.2	237,631	49.1	44.38	44.36

- Notes: 1. For IAS19, the comparative information was retrospectively adjusted in accordance with the transition provisions. However, it did not have a material impact on the condensed interim consolidated financial statements.
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
June 30, 2013	4,024,290	2,007,484	1,920,479	47.7	1,056.67
March 31, 2013	3,852,567	1,892,431	1,806,543	46.9	993.98

- Notes: 1. For IAS19, the comparative information was retrospectively adjusted in accordance with the transition provisions. However, it did not have a material impact on the condensed interim consolidated financial statements.
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	-				
Year ending March 31, 2014 (Forecast)		46.00	-	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	616,000	15.7	598,000	17.4	423,000	20.4	415,000	20.8	228.34

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

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

(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, 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 June 30, 2013	182,509,788 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)

Three months ended June 30, 2013	1,817,489,999 shares
Three months ended June 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, number of shares 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 4 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.

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

	As of March 31, 2013 Restated*	(Millions of yen) As of June 30, 2013
Assets		
Current assets		
Cash and cash equivalents	142,713	130,813
Trade and other receivables	387,837	395,372
Inventories	473,042	490,272
Other financial assets	29,103	21,648
Other current assets	177,858	244,138
Subtotal	1,210,552	1,282,243
Non-current assets held-for-sale	2,594	2,505
Total current assets	1,213,146	1,284,748
Non-current assets		
Property, plant and equipment	672,316	696,917
Goodwill	1,316,476	1,378,470
Intangible assets	348,813	353,344
Investment property	58,995	58,631
Retirement benefit assets	14,825	15,859
Investments accounted for using the equity method	22,940	23,524
Other financial assets	71,781	75,544
Deferred tax assets	133,276	137,252
Total non-current assets	2,639,421	2,739,543
Total assets	3,852,567	4,024,290

	As of March 31, 2013 Restated*	(Millions of yen) As of June 30, 2013
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	312,741	289,731
Bonds and borrowings	44,301	271,903
Income tax payables	85,714	43,211
Other financial liabilities	8,550	10,187
Provisions	5,256	4,214
Other current liabilities	656,305	699,593
Subtotal	1,112,867	1,318,840
Liabilities directly associated with non-current assets held-for-sale	101	101
Total current liabilities	1,112,968	1,318,941
Non-current liabilities		
Bonds and borrowings	270,399	114,682
Other financial liabilities	18,844	19,345
Retirement benefit liabilities	342,604	348,464
Provisions	4,786	4,971
Other non-current liabilities	113,226	110,264
Deferred tax liabilities	97,309	100,139
Total non-current liabilities	847,168	697,865
Total liabilities	1,960,137	2,016,806
Equity		
Share capital	100,000	100,000
Capital surplus	736,411	736,411
Treasury shares	(344,573)	(344,572)
Other components of equity	(155,420)	(70,486)
Retained earnings	1,470,125	1,499,125
Equity attributable to owners of the parent company	1,806,543	1,920,479
Non-controlling interests	85,887	87,005
Total equity	1,892,431	2,007,484
Total liabilities and equity	3,852,567	4,024,290

*For IAS19, the comparative information was retrospectively adjusted in accordance with the transition provisions. However, it did not have a material impact on the condensed interim consolidated financial statements.

(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, 2012 Restated*	Three months ended June 30, 2013
Revenue	512,108	547,937
Cost of sales	(216,819)	(220,522)
Gross profit	295,289	327,415
Other operating income	3,027	4,748
Share of profit in investments accounted for using the equity method	246	274
Selling, general and administrative expenses	(169,991)	(185,954)
Operating profit	128,570	146,483
Financial income	1,085	1,444
Financial costs	(5,310)	(6,336)
Profit before income taxes	124,345	141,591
Income taxes	(37,951)	(41,684)
Profit for the period	86,394	99,907
Attributable to:		
Owners of the parent company	84,519	98,104
Non-controlling interests	1,875	1,803
Profit for the period	86,394	99,907
Earnings per share		
Basic (Yen)	44.38	53.98
Diluted (Yen)	44.36	53.95

Reconciliation from “Operating profit” to “Adjusted EBITDA”

(Millions of yen)

	Three months ended June 30, 2012 Restated*	Three months ended June 30, 2013
Operating profit	128,570	146,483
Depreciation and amortization	28,166	32,181
Adjustment items (income)	(1,228)	(1,624)
Adjustment items (costs)	469	128
Adjusted EBITDA	155,978	177,169

*For IAS19, the comparative information was retrospectively adjusted in accordance with the transition provisions. However, it did not have a material impact on the condensed interim consolidated financial statements.

Condensed interim consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2012 Restated*	Three months ended June 30, 2013
Profit for the period	86,394	99,907
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	(769)	900
Remeasurements of defined benefit retirement plans	(87)	(26)
Total items that will not be reclassified to profit or loss	(857)	874
Items that may be reclassified to profit or loss subsequently		
Exchange differences on translation of foreign operations	152,136	83,856
Net gain (loss) on derivatives designated as cash flow hedges	(43)	19
Total items that may be reclassified to profit or loss subsequently	152,093	83,874
Other comprehensive income (loss), net of taxes	151,237	84,748
Comprehensive income (loss) for the period	237,631	184,655
Attributable to:		
Owners of the parent company	235,447	182,942
Non-controlling interests	2,185	1,713
Comprehensive income (loss) for the period	237,631	184,655

*For IAS19, the comparative information was retrospectively adjusted in accordance with the transition provisions. However, it did not have a material impact on the condensed interim consolidated financial statements.

(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)	–	–	–	–	151,835	(43)	(779)
Comprehensive income (loss) for the period	–	–	–	–	151,835	(43)	(779)
Acquisition of treasury shares	–	–	–	–	–	–	–
Disposal of treasury shares	–	–	–	–	–	–	–
Share-based payments	–	–	–	72	–	–	–
Dividends	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(0)
Other increase (decrease)	–	–	–	–	–	–	–
Total transactions with the owners	–	–	–	72	–	–	(0)
As of June 30, 2012	100,000	736,410	(94,574)	1,101	(235,394)	(352)	9,367
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	–	–	–	–	–	–	–
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

*For IAS19, the comparative information was retrospectively adjusted in accordance with the transition provisions. However, it did not have a material impact on the condensed interim consolidated financial statements.

(Millions of yen)

	Equity attributable to owners of the parent company					
	Other components of equity		Retained earnings*	Total*	Non-controlling interests*	Total equity*
	Remeasurements of defined benefit retirement plans*	Total*				
As of April 1, 2012	–	(376,363)	1,268,944	1,634,418	80,576	1,714,994
Profit for the period	–	–	84,519	84,519	1,875	86,394
Other comprehensive income (loss)	(87)	150,927	–	150,927	310	151,237
Comprehensive income (loss) for the period	(87)	150,927	84,519	235,447	2,185	237,631
Acquisition of treasury shares	–	–	–	–	–	–
Disposal of treasury shares	–	–	–	–	–	–
Share-based payments	–	72	–	72	–	72
Dividends	–	–	(57,129)	(57,129)	(414)	(57,543)
Transfer from other components of equity to retained earnings	87	87	(87)	–	–	–
Other increase (decrease)	–	–	–	–	728	728
Total transactions with the owners	87	159	(57,215)	(57,057)	314	(56,743)
As of June 30, 2012	–	(225,277)	1,296,249	1,812,807	83,075	1,895,882
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)
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

(4) Condensed interim consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2012 Restated*	Three months ended June 30, 2013
Cash flows from operating activities		
Profit before income taxes	124,345	141,591
Depreciation and amortization	28,166	32,181
Impairment losses	168	146
Interest and dividend income	(949)	(1,244)
Interest expense	2,689	2,235
Share of profit in investments accounted for using the equity method	(246)	(274)
(Gain) loss on sale and disposal of property, plant and equipment, intangible assets, and investment property	(892)	(730)
(Increase) decrease in trade and other receivables	(14,056)	(1,917)
(Increase) decrease in inventories	7,300	4,593
Increase (decrease) in trade and other payables	(7,618)	(21,722)
Increase (decrease) in retirement benefit liabilities	(1,776)	(505)
(Increase) decrease in prepaid tobacco excise taxes	(30,821)	(42,817)
Increase (decrease) in tobacco excise tax payable	71,549	59,608
Increase (decrease) in consumption tax payable	(9,400)	(9,220)
Other	(39,683)	(72,586)
Subtotal	128,774	89,337
Interest and dividends received	1,464	2,123
Interest paid	(2,474)	(1,944)
Income taxes paid	(29,641)	(85,649)
Net cash flows from operating activities	98,124	3,867
Cash flows from investing activities		
Purchase of securities	(440)	(434)
Proceeds from sale and redemption of securities	417	4,129
Purchase of property, plant and equipment	(22,577)	(22,963)
Proceeds from sale of investment property	1,220	9,319
Purchase of intangible assets	(5,547)	(9,977)
Payments into time deposits	(7,230)	(162)
Proceeds from withdrawal of time deposits	7,260	4,198
Other	477	581
Net cash flows used in investing activities	(26,419)	(15,309)

	Three months ended June 30, 2012 Restated*	(Millions of yen) Three months ended June 30, 2013
Cash flows from financing activities		
Dividends paid to owners of the parent company	(56,601)	(66,508)
Dividends paid to non-controlling interests	(414)	(1,109)
Increase (decrease) in short-term borrowings and commercial paper	(1,559)	64,899
Proceeds from long-term borrowings	532	70
Repayments of long-term borrowings	(81,214)	(185)
Redemption of bonds	(50)	–
Repayments of finance lease obligations	(1,195)	(1,288)
Acquisition of treasury shares	–	(0)
Other	–	0
Net cash flows used in financing activities	<u>(140,501)</u>	<u>(4,122)</u>
Net increase (decrease) in cash and cash equivalents	(68,796)	(15,565)
Cash and cash equivalents at the beginning of the period	404,740	142,713
Effect of exchange rate changes on cash and cash equivalents	4,756	3,665
Cash and cash equivalents at the end of the period	<u>340,700</u>	<u>130,813</u>

*For IAS19, the comparative information was retrospectively adjusted in accordance with the transition provisions. However, it did not have a material impact on the condensed interim consolidated financial statements.

(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 three months ended June 30, 2012

(Millions of yen)

	Reportable Segments						Other (Note 3)	Elimi- nation	Consoli- dated
	Domestic Tobacco	Inter- national Tobacco (Note 2)	Pharma- ceutical	Beverage	Processed Food	Total			
Revenue									
External revenue (Note 4)	173,084	233,632	12,695	46,535	42,005	507,951	4,157	–	512,108
Intersegment revenue	7,331	7,688	–	34	143	15,196	2,335	(17,530)	–
Total revenue	<u>180,415</u>	<u>241,319</u>	<u>12,695</u>	<u>46,569</u>	<u>42,148</u>	<u>523,147</u>	<u>6,492</u>	<u>(17,530)</u>	<u>512,108</u>
Segment profit (loss)									
Adjusted EBITDA (Note 1)	<u>76,608</u>	<u>79,965</u>	<u>(3,516)</u>	<u>2,624</u>	<u>1,774</u>	<u>157,455</u>	<u>(1,166)</u>	<u>(312)</u>	<u>155,978</u>

For the three months ended June 30, 2013

(Millions of yen)

	Reportable Segments						Other (Note 3)	Elimi- nation	Consoli- dated
	Domestic Tobacco	Inter- national Tobacco (Note 2)	Pharma- ceutical	Beverage	Processed Food	Total			
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	<u>178,446</u>	<u>279,823</u>	<u>16,845</u>	<u>45,963</u>	<u>37,629</u>	<u>558,706</u>	<u>6,180</u>	<u>(16,949)</u>	<u>547,937</u>
Segment profit (loss)									
Adjusted EBITDA (Note 1)	<u>75,780</u>	<u>98,962</u>	<u>(76)</u>	<u>1,006</u>	<u>1,779</u>	<u>177,451</u>	<u>(129)</u>	<u>(153)</u>	<u>177,169</u>

Reconciliation from “Adjusted EBITDA” to profit before income taxes

For the three months ended June 30, 2012

(Millions of yen)

	Reportable Segments						Other (Note 3)	Elimi- nation	Consoli- dated
	Domestic Tobacco	Inter- national Tobacco (Note 2)	Pharma- ceutical	Beverage	Processed Food	Total			
Adjusted EBITDA (Note 1)	76,608	79,965	(3,516)	2,624	1,774	157,455	(1,166)	(312)	155,978
Depreciation and amortization	(9,624)	(12,601)	(820)	(2,483)	(1,762)	(27,290)	(954)	78	(28,166)
Adjustment items (income) (Note 5)	1,200	5	–	–	–	1,205	23	–	1,228
Adjustment items (costs) (Note 5)	(4)	(258)	–	–	–	(262)	(207)	–	(469)
Operating profit (loss)	68,179	67,111	(4,335)	141	12	131,108	(2,304)	(234)	128,570
Financial income									1,085
Financial costs									(5,310)
Profit before income taxes									<u>124,345</u>

For the three months ended June 30, 2013

(Millions of yen)

	Reportable Segments						Other (Note 3)	Elimi- nation	Consoli- dated
	Domestic Tobacco	Inter- national Tobacco (Note 2)	Pharma- ceutical	Beverage	Processed Food	Total			
Adjusted EBITDA (Note 1)	75,780	98,962	(76)	1,006	1,779	177,451	(129)	(153)	177,169
Depreciation and amortization	(11,136)	(15,096)	(873)	(2,595)	(1,682)	(31,383)	(876)	77	(32,181)
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									<u>141,591</u>

- 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 March 31 is included in the three months ended June 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)	
	Three months ended June 30, 2012	Three months ended June 30, 2013
Domestic Tobacco	165,284	165,164
International Tobacco	216,705	252,291

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)	
	Three months ended June 30, 2012	Three months ended June 30, 2013
Restructuring costs	465	128
Cooperation fee for terminating leaf tobacco farming	4	–
Adjustment items (costs)	469	128

Restructuring costs for the three months ended June 30, 2012 include expenses related to payment of special termination benefits in the international tobacco business.

(6) Notes on premise of going concern

No items to report.

(7) Significant events after the reporting period

The Company has issued USD denominated senior notes (the “Notes”) on July 23, 2013, as follows.

- a. Type of Notes: USD dollar denominated senior notes
- b. Total amount of issue: USD 500 million
- c. Interest rate: 2.100% per annum
- d. Offering price: USD 99.891 per face value of USD 100
- e. Redemption amount: USD 100 per face value of USD 100
- f. Issuance date: July 23, 2013
- g. Maturity date: July 23, 2018
- h. Method of redemption: Bullet maturity. The Company may redeem the Notes, in whole or in part, at any time prior to maturity with optional redemption or optional tax redemption.
- i. Status of the Notes: Under the Japan Tobacco Inc. Act, the holders of the Notes have the preferential right to be paid prior to other unsecured indebtedness of the Company
- j. Use of proceeds: Proceeds are to be used for the refinancing of short-term debts