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FOR IMMEDIATE RELEASE

**JT Reports International Tobacco Business Results for
First Half 2005**

Tokyo, August 1, 2005 -- Japan Tobacco Inc. (JT) (TSE: 2914) announced today its international tobacco business results for the first half of the year that ended June 30, 2005.

In the first fiscal half that ended June 30, 2005, JT's international tobacco business has continued its momentum, as its Global Flagship Brands (GFBs - Camel, Winston, Mild Seven and Salem) showed steady growth in sales volume, in line with the company's strategy for achieving further sales volume growth, along with unit price enhancement by shifting to higher priced products represented by GFBs.

Total sales volume for the first fiscal half that ended June 30, 2005, increased 3.0 percent from the same fiscal half last year, to 104.6 billion cigarettes, thanks to sales volume growth in Russia, Iran, Ukraine, Italy and Taiwan. This offset the decrease in the license-based Philippines, and the tax hike induced decrease in Turkey and Korea. GFB sales volume increased 2.6 percent to 64.4 billion cigarettes, mainly driven by the sales growth of Winston in Russia, Iran, Ukraine and Italy; Camel in Italy; and Mild Seven in Taiwan.

If results of the license-based Philippines, which is a low margin market and has a minor impact on the international business' bottom line were excluded, total sales volume for the international tobacco business would have shown an increase of 5.4 percent along with the 6.5 percent increase of GFB sales volume, compared to the same fiscal half last year.

Net sales including tax increased 11.4 percent to US\$3,915 million, and net sales excluding tax were up 12.1 percent to US\$2,134 million. In addition, net sales per thousand cigarettes, excluding tax, increased by US\$1.6 from the same fiscal half last year to US\$20.4.

International preliminary results for the quarter and first half that ended June 30, 2005

(after consolidation adjustment)

	Jan-Mar	Apr-Jun	Total
Total sales volume ¹ (billions of cigarettes)	49.0	55.6	104.6
GFB sales volume ¹ (billions of cigarettes)	30.3	34.0	64.4
Net sales, including tax ² (millions of US\$)	1,880	2,035	3,915
Net sales, excluding tax ² (millions of US\$)	1,019	1,115	2,134
Net sales per thousand cigarettes, excluding tax ³ (US\$)	20.8	20.1	20.4

¹ Sales volume of JTI products (Camel, Winston, Salem etc.) for the Japan market and Japanese duty free from the beginning of May 2005 and on, are excluded from the table above because their sales were integrated into the domestic tobacco business beginning May 2005.

² These sales figures do not include sales of JTI products for the Japan market, as sales of JTI products for the Japan market have been and continue to be incorporated into the domestic tobacco business.

³ Net sales per thousand cigarettes, excluding tax = Net sales, excluding tax / Total sales volume*1000.



(Reference)

International quarterly and full fiscal year results for the year that ended December 31, 2004

(after consolidation adjustment)

	2004 Results				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Total
Total sales volume (billions of cigarettes)	48.1	53.4	55.9	54.9	212.4
GFB sales volume (billions of cigarettes)	30.0	32.7	34.3	34.3	131.4
Net sales, including tax (millions of US\$)	1,708	1,807	1,914	1,858	7,287
Net sales, excluding tax (millions of US\$)	914	990	1,022	1,017	3,943
Net sales per thousand cigarettes, excluding tax (US\$)	19.0	18.5	18.3	18.5	18.6

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Japan Tobacco Inc. is the world's third largest international manufacturer of tobacco products. The company manufactures internationally recognized cigarette brands including Camel, Winston, Mild Seven and Salem. Since its privatization in 1985, JT has actively diversified its operations into pharmaceuticals and foods. The company's net sales were ¥4.664 trillion in the fiscal year ended March 31, 2005.