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## **FOR IMMEDIATE RELEASE**

### **JT's Subsidiary to Handover Testing Machinery Business to Tokyokoki**

**Tokyo, June 13, 2005** --- Japan Tobacco Inc. (JT) (TSE:2914) announced today that JT Tohsi Inc. (JTT), a testing machinery manufacturer and a subsidiary of JT, have completed an agreement with Tokyokoki Seizosho Ltd. (TKS) to handover JTT's testing machinery business to TKS.

JTT has manufactured and marketed various types of testing machinery since its establishment in 1933. Consideration of the growing competition within the industry led JTT to the decision to handover its testing machinery business. TKS is now in the process of enhancing its capabilities, which would enable the effective adoption and promotion of JTT's resources including its brands, technologies and expertise.

The handover, contingent on an official approval of JTT's shareholders in its general meeting, is scheduled to be implemented on November 1, 2005.

JT today also made the decision to liquidate JTT after completion of the handover, upon official approval by its board of directors and shareholders in their upcoming meetings.

It is expected that the financial impact of this decision on the JT's consolidated accounts will be minimal.

### **Summary of JT Tohsi**

Name of the Company:	JT Tohsi Inc.
Name of the Representative:	Yoji Nakamura
Place of Business:	1-1-16, Toranomom, Minato-ku, Tokyo Japan
Established:	October 20, 1933
Capital:	488 million yen (as of March 31, 2005)
Number of Issued Shares:	6,000,000 shares (as of March 31, 2005)
Shareholders' Equity:	-58 million yen (as of March 31, 2005)
Type of Business:	Development, manufacture and sales of testing and measuring machinery



Number of Employees: 60 employees (as of March 31, 2005)  
Total Amount of Assets: 1,661 million yen (as of March 31, 2005)  
Major Share Holder: Japan Tobacco Inc.: 78.5%

Most Recent Business Results:

	(millions of yen)		
	FY03/2003	FY03/2004	FY03/2005
Sales	1,945	1,321	1,407
Recurring Profit	53	-82	-13
Net Income	31	-77	-35

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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.*

#### **FORWARD-LOOKING AND CAUTIONARY STATEMENTS**

This document contains forward-looking statements about our industry, business, plans and objectives, financial condition and results of operations that are based on our current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of our financial condition or state other forward-looking information. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based.

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. health concerns relating to the use of tobacco products;
2. legal or regulatory developments and changes, including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, and governmental investigations and privately imposed smoking restrictions;
3. litigation in Japan and elsewhere;
4. our ability to further diversify our business beyond the tobacco industry;
5. our ability to successfully expand internationally and make investments outside of Japan;
6. competition and changing consumer preferences;
7. the impact of any acquisitions or similar transactions;
8. local and global economic conditions; and
9. fluctuations in foreign exchange rates and the costs of raw materials.