[This is an English translation 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.]

[Cover]

Document to be filed:	Quarterly Securities Report
Provisions to base upon:	Article 24-4-7, paragraph (1) of the Financial Instruments and Exchange Act
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	August 12, 2011
Quarterly accounting period:	First quarter of the 27th term (from April 1, 2011 to June 30, 2011)
Company name (Japanese):	日本たばこ産業株式会社 (*Nihon Tabako Sangyo Kabushiki-Kaisha*)
Company name (English):	JAPAN TOBACCO INC.
Title and name of representative:	Hiroshi Kimura, President, Chief Executive Officer and Representative Director
Location of head office:	2-1, Toranomon 2-chome, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3582-3111 (Main)
Contact person:	Yasuyuki Tanaka, Senior Vice President and Chief Communications Officer
Place of contact:	2-1, Toranomon 2-chome, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3582-3111 (Main)
Contact person:	Yasuyuki Tanaka, Senior Vice President and Chief Communications Officer
Places where the document to be filed is available for public inspection:	Japan Tobacco Inc. Saitama Sales Office (55-1, Shimocho 1-chome, Omiya-ku, Saitama-shi, Saitama)
	Japan Tobacco Inc. Yokohama Sales Office (143, Hanasakicho 6-chome, Nishi-ku, Yokohama-shi, Kanagawa)
	Japan Tobacco Inc. Nagoya Sales Office (12-1, Iseyama 2-chome, Naka-ku, Nagoya-shi, Aichi)
	Japan Tobacco Inc. Osaka Sales Office (5-10, Oyodo-minami 1-chome, Kita-ku, Osaka-shi, Osaka)
	Japan Tobacco Inc. Kobe Sales Office (7-23, Nakayamate-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo)
	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)
	Osaka Securities Exchange Co., Ltd. (8-16, Kitahama 1-chome, Chuo-ku, Osaka-shi, Osaka)
	Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi)
	Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka)
	Sapporo Securities Exchange (14-1, Minamiichijo-nishi 5-chome, Chuo-ku, Sapporo-shi, Hokkaido)

A. Company Information

I. Overview of the JT Group

1. Trends in principal management benchmarks

Term	Three months ended June 30, 2010	Three months ended June 30, 2011	26th term
Accounting period	From April 1, 2010 to June 30, 2010	From April 1, 2011 to June 30, 2011	From April 1, 2010 to March 31, 2011
Net sales (Millions of yen)	588,553	588,176	2,432,638
Ordinary income (Millions of yen)	70,938	68,061	313,065
Net income (Millions of yen)	22,184	22,706	145,365
Comprehensive income (Millions of yen)	(19,182)	134,132	(110,352)
Net assets (Millions of yen)	1,711,962	1,667,848	1,571,750
Total assets (Millions of yen)	3,845,703	3,665,374	3,544,107
Net income per share (Yen)	2,315.70	2,384.80	15,183.52
Diluted net income per share (Yen)	2,315.19	2,384.03	15,179.19
Equity ratio (%)	42.55	43.35	42.18
Net cash provided by (used in) operating activities (Millions of yen)	27,493	(39,407)	399,638
Net cash provided by (used in) investing activities (Millions of yen)	(29,393)	(20,639)	(119,406)
Net cash provided by (used in) financing activities (Millions of yen)	(35,258)	(40,767)	(184,950)
Cash and cash equivalents at end of period (Millions of yen)	117,773	146,217	244,240

Notes: 1. Filing company’s trends in principal management benchmarks are not disclosed as JT prepares quarterly consolidated financial statements.

2. Net sales do not include consumption taxes.

3. The “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, June 30, 2010) has been applied retrospectively in the calculation of comprehensive income for the three months ended June 30, 2010.

4. Effective January 1, 2011, foreign subsidiaries classified under the JT Group’s International Tobacco Business applied International Financial Reporting Standards (IFRS), and as a result, the figures for the three months ended June 30, 2010 and those for the 26th term are presented reflecting retrospective application of this accounting policy change.

5. The JT Group had previously applied a method by which the amount equivalent to tobacco excise taxes was included in net sales and cost of sales. However, effective April 1, 2011, the method applied has been changed to one which excludes this amount from net sales and cost of sales, and as a result, the figures for the three months ended June 30, 2010 and those for the 26th term are presented reflecting retrospective application of this accounting policy change.

2. Business description

During the three months ended June 30, 2011, there were neither material changes in the business of the JT Group (JT, 242 consolidated subsidiaries and 13 companies accounted for by the equity method) mentioned in the previous fiscal year's Annual Securities Report nor changes in principal subsidiaries and affiliates.

II. Review of operations

1. Business and other risks

During the three months ended June 30, 2011, there were no new business or other risks.

There were no material changes to the items regarding business and other risks mentioned in the previous fiscal year's Annual Securities Report.

2. Important operational contracts, etc.

No important operational contracts were decided or entered into during this first quarter.

3. Analysis of financial position, operating results and cash flow position

Matters concerning the future in this document were determined by the JT Group as of June 30, 2011.

(1) Operating results

In the Japanese Domestic Tobacco Business, some of our facilities were damaged by the Great East Japan Earthquake, and this resulted in a temporary suspension of our deliveries. However, from April 11, 2011 onwards, we steadily increased the number of brands delivered and delivery volumes. We resumed delivery of all 73 of our brands on July 18. In addition, on July 25, we lifted the limitation on delivery volumes that was in place on 57 of our brands, and we lifted the limitation on delivery volumes from the remaining 16 brands on August 1, 2011. We sincerely apologize for any inconvenience and trouble that may have been caused to our customers and tobacco retailers during this time.

The JT Group is making every possible effort to enhance our competitiveness in order to regain our market share at an early juncture through efforts such as the active introduction of new products under our core brands and the development of effective sales promotions.

<Net sales>

Consolidated net sales were ¥588.1 billion, about level with the same period of the previous fiscal year with a slight drop of 0.1%.

Adjusted net sales that do not include the sales of imported tobacco, etc. handled by our subsidiary, TS Network Co., Ltd., fell ¥61.9 billion, or 13.1%, from the same period of the previous fiscal year, to ¥409.6 billion. This was due to a drop in demand from the tobacco excise tax hike and retail price amendment and a decrease in sales volume from the effect of the earthquake disaster in the Japanese Domestic Tobacco Business, along with negative foreign exchange effects in the International Tobacco Business, among other factors.

	Three months ended June 30, 2010 (Billions of yen)	Three months ended June 30, 2011 (Billions of yen)	Change (Billions of yen, %)	
Consolidated net sales	588.5	588.1	(0.3)	(0.1)
Of which, adjusted net sales (Note)	471.5	409.6	(61.9)	(13.1)
Japanese Domestic Tobacco Business	242.3	263.3	20.9	8.6
Of which, adjusted net sales (Note)	146.1	100.3	(45.8)	(31.4)
International Tobacco Business	233.2	216.9	(16.3)	(7.0)
Of which, adjusted net sales (Note)	212.5	201.4	(11.1)	(5.2)
Pharmaceutical Business	11.8	11.9	0.1	1.1
Food Business	96.2	91.8	(4.3)	(4.5)

* Net sales figures represent sales to customers.

* For the amount equivalent to tobacco excise taxes, a method was previously employed that included the amount in net sales and cost of sales. However, effective April 1, 2011, this has been changed to a method that excludes the amount from net sales and cost of sales. For details, please refer to "IV. Accounting, 1. Quarterly consolidated financial statements, Changes in accounting policies, etc."
Consolidated net sales including tobacco excise taxes are as follows.
Three months ended June 30, 2010: ¥1.4645 trillion
Three months ended June 30, 2011: ¥1.5132 trillion

* Consolidated net sales include other net sales relating to rent of real estate in addition to the above. For details, please refer to "IV. Accounting, 1. Quarterly consolidated financial statements, Notes to quarterly consolidated financial statements, Segment information, 2. Differences between total amounts for reportable segments and amounts in the quarterly consolidated statements of income and main details of these differences."

Note: Net sales relating to imported tobacco, duty-free shops in Japan and the China Division, among others, are excluded from the Japanese Domestic Tobacco Business. Net sales relating to the distribution business, leaf tobacco sales and contract manufacturing, among others, are excluded from the International Tobacco Business.

<Cost of sales / selling, general and administrative expenses>

Cost of sales increased by ¥18.7 billion, or 5.9%, from the same period of the previous fiscal year to ¥337.4 billion and selling, general and administrative expenses decreased by ¥11.5 billion, or 6.1%, from the same period of the previous fiscal year to ¥178.7 billion.

<Operating income / EBITDA>

Operating income fell ¥7.5 billion, or 9.5%, from the same period of the previous fiscal year to ¥71.9 billion, owing to a decrease in the sales volume in the Japanese Domestic Tobacco Business, among other factors. EBITDA decreased by ¥11.2 billion, or 8.4%, from the same period of the previous fiscal year, to ¥121.8 billion, due to a ¥3.6 billion decrease in depreciation and amortization expenses from foreign exchange effects in the International Tobacco Business, among other factors.

	Three months ended June 30, 2010 (Billions of yen)	Three months ended June 30, 2011 (Billions of yen)	Change (Billions of yen, %)	
Operating income	79.5	71.9	(7.5)	(9.5)
EBITDA	133.0	121.8	(11.2)	(8.4)
Japanese Domestic Tobacco Business	58.3	46.1	(12.1)	(20.9)
International Tobacco Business	74.2	74.3	0.1	0.2
Pharmaceutical Business	(2.0)	(3.5)	(1.4)	–
Food Business	4.0	6.1	2.0	51.3

* EBITDA includes EBITDA relating to other net sales in addition to the above. For details, please refer to "IV. Accounting, 1. Quarterly consolidated financial statements, Notes to quarterly consolidated financial statements, Segment information, 2. Differences between total amounts for reportable segments and amounts in the quarterly consolidated statements of income and main details of these differences."

* EBITDA = operating income + depreciation and amortization (including depreciation of property, plant and equipment, and amortization of intangible assets, long-term prepaid expenses and goodwill)

<Ordinary income>

Non-operating income/loss improved by ¥4.6 billion, thanks to an improvement in foreign exchange gains/losses, among other factors. This partially offset a ¥7.5 billion decrease in operating income. Ordinary income decreased by ¥2.8 billion, or 4.1%, from the same period of the previous fiscal year to ¥68.0 billion.

<Net income>

Despite the absence of a loss from the payment for regulatory fine in Canada recorded in the same period of the previous fiscal year, our net extraordinary income/loss worsened by ¥2.9 billion as a result of loss on the Great East Japan Earthquake including loss on abandonment of inventories and fixed costs resulting from the discontinuation of operations, which occurred mainly in the Japanese Domestic Tobacco Business, in addition to the recording of rationalization costs in the International Tobacco Business. With the ¥2.8 billion decline in ordinary income, income before income taxes and minority interests fell ¥5.8 billion from the same period of the previous fiscal year to ¥47.4 billion. Net income, affected by a decline in the amount of income taxes due to lower profit, increased ¥0.5 billion, or 2.4%, from the same period of the previous fiscal year to ¥22.7 billion.

* JT International S.A. and other foreign subsidiaries (JTI), which are classified under the JT Group's International Tobacco Business, have changed the accounting standards they apply from U.S. GAAP to International Financial Reporting Standards (IFRS) effective January 2011. For details, please refer to "IV. Accounting, 1. Quarterly consolidated financial statements, Changes in accounting policies, etc."
In accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18), amortization of goodwill has been implemented in the consolidated financial statements.

* For accounting changes and error corrections made on or after April 1, 2011, JT has applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24) and the "Implementation Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24).

Operating results by segment are as follows.

Japanese Domestic Tobacco Business

Sales volume for cigarettes during the three months ended June 30, 2011 decreased by 17.5 billion cigarettes, or 48.8%, from the same period of the previous fiscal year to 18.4 billion cigarettes (Note) due to factors such as a drop in demand resulting from the hike in tobacco excise taxes and retail price amendments in October last year, as well as the limitation to deliveries in terms of the number of brands and delivery volume that we had in place as a temporary measure as a result of the impact of the Great East Japan Earthquake of March 2011 on the manufacture and supply of products. Furthermore, our market share for the three months was 40.8%, compared with 64.1% for the previous fiscal year.

In the three months ended June 30, 2011, since our resumption of deliveries of seven brands on April 11, in line with our steady expansion of the number of brands delivered, sales volumes have been moving upwards each month. Although the sales volume for the month of April was an 81.1% drop on the volume for the same month in the previous fiscal year, the drop in volume was down 38.2% in May, while in June, there was a 27.1% drop from the same month of the previous fiscal year.

With the retail price amendments, net sales per 1,000 cigarettes increased by ¥1,390 from the same period of the previous fiscal year to ¥5,444.

As a result, adjusted net sales decreased ¥45.8 billion, or 31.4%, from the same period of the previous fiscal year, to ¥100.3 billion because of the decrease in sales volume, despite effects from higher unit prices. Net sales including net sales, etc. of imported tobacco handled by our subsidiary TS Network Co., Ltd. increased ¥20.9 billion, or 8.6%, from the same period of the previous fiscal year, to ¥263.3 billion. EBITDA decreased ¥12.1 billion, or 20.9%, from the same period of the previous fiscal year, to ¥46.1 billion, despite a decrease in costs resulting from the JT Group being unable to implement sales promotions while limitations on the number of brands delivered and delivery volumes were being implemented.

The volume of cigarettes manufactured in Japan during the three months ended June 30, 2011 decreased by 12.1 billion cigarettes, or 25.4%, from the same period of the previous fiscal year to 35.9 billion cigarettes.

Note: In addition to the figure stated above, during the three months ended June 30, 2011, 0.8 billion cigarettes were sold at duty-free shops in Japan, as well as at markets in China, Hong Kong and Macau that are under the control of JT's China Division.

International Tobacco Business

In the GFB (Note) in the three months ended March 31, 2011, there was steady growth in sales of Winston in Russia and Turkey. In addition, Mild Seven sales grew in Taiwan and Korea. As a result, the sales volume of GFB increased by 1.2 billion cigarettes, or 2.1%, from the same period of the previous fiscal year to 55.8 billion cigarettes. Despite an overall decline in demand in Spain, among others, the volume of our International Tobacco Business's cigarette sales including GFB increased by 0.4 billion cigarettes, or 0.5%, from the same period of the previous fiscal year to 94.5 billion cigarettes.

In the three months ended March 31, 2011, despite unfavorable foreign exchange effects in the local currencies of some major markets, because of effects from higher unit prices, among others, dollar-based net sales increased by $63 million, or 2.5%, from the same period of the previous fiscal year to $2,635 million while adjusted net sales increased by $104 million, or 4.4%, from the same period of the previous fiscal year to $2,447 million. EBITDA was $903 million, an increase of $85 million, or 10.3%, compared to the same period of the previous fiscal year.

However, due to the effects of a high yen when making conversions to that currency, net sales decreased by ¥16.3 billion, or 7.0%, from the same period of the previous fiscal year to ¥216.9 billion with a decrease in adjusted net sales of ¥11.1 billion, or 5.2%, to ¥201.4 billion and an increase in EBITDA of ¥0.1 billion, or 0.2%, to ¥74.3 billion.

The volume of cigarettes manufactured overseas during the three months ended June 30, 2011 decreased by 3.8 billion cigarettes, or 4.4%, from the same period of the previous fiscal year to 83.4 billion cigarettes.

Note: We have identified eight brands which serve as flagships of the brand portfolio, Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour, which we collectively call the Global Flagship Brands (GFB).

* The foreign exchange rate in the three months ended March 31, 2011 was ¥82.31 per U.S. dollar, representing an ¥8.38 appreciation, compared with ¥90.69 per U.S. dollar in the same period of the previous fiscal year.
* The closing date of the first quarter accounting period of the consolidated subsidiaries classified in the International Tobacco Business segment is March 31, and their operating results used for the consolidated first quarter results are for the three months from January 1 to March 31, 2011.

Pharmaceutical Business

In the Pharmaceutical Business, we focused our efforts on increasing and advancing compounds in a late phase of clinical trial and enhancing the research and development pipeline. The number of compounds developed in-house that are under clinical development is now nine owing to our abandoning of the development of JTS-653, a drug for pain and overactive bladder.

Regarding the business performance by our subsidiary Torii Pharmaceutical Co., Ltd. ("Torii"), despite the decline in sales of FUTHAN for injection use, a protease inhibitor, Torii enjoyed growth in sales of REMITCH CAPSULES, an oral antipruritus drug for hemodialysis patients, and Truvada Tablets, an anti-HIV drug, leading to an increase in sales. However, operating income decreased as a result of an increase in research and development expenses, etc.

Net sales in the three months ended June 30, 2011 increased by ¥0.1 billion, or 1.1%, from the same period of the previous fiscal year to ¥11.9 billion mainly due to the increased revenue at Torii. EBITDA was negative ¥3.5 billion (compared to negative ¥2.0 billion in the same period of the previous fiscal year) due to factors such as an increase in research and development expenses accompanying the development progress.

Food Business

Net sales for our Food Business in the three months ended June 30, 2011 declined by ¥4.3 billion, or 4.5%, from the same period of the previous fiscal year to ¥91.8 billion, due to the effects of the abolishment of our white rice wholesale business in the processed food business in the previous fiscal year, among other factors, despite increased sales following a solid sales performance centered on our flagship Roots brand, an expansion in sales of staples (frozen noodles, packed cooked rice, frozen baked bread), and increased demand for drinking water, etc. resulting from the earthquake disaster.

EBITDA increased by ¥2.0 billion, or 51.3%, from the same period of the previous fiscal year to ¥6.1 billion thanks to increased revenue in the beverage business, an expansion in sales of high-margin staples and a decrease in fixed costs in the processed food business, among other factors.

(2) Operational and financial issues to be addressed

During the three months ended June 30, 2011, there were no material changes in issues to be addressed by the JT Group mentioned in the previous fiscal year's Annual Securities Report.

(3) Research and development activities

Research and development expenses for the entire JT Group during the three months ended June 30, 2011 were ¥12.9 billion.

During the three months ended June 30, 2011, there were no material changes in the status of the JT Group's research and development activities mentioned in the previous fiscal year's Annual Securities Report.

(4) Analysis of capital resources and liquidity of funds

a. Funding requirements

   Funds are allocated for capital expenditure, working capital and acquiring external capital resources as well as the repayment of loans and the payment of interest, dividends and income taxes.

b. Resources of funds

   The necessary funds are mainly procured from cash flow provided by operating activities, loans from financial institutions and bond and commercial paper issuances.

c. Cash flows

   Cash and cash equivalents as of June 30, 2011 stood at ¥146.2 billion, representing a ¥98.0 billion decrease from the end of the previous fiscal year. (Cash and cash equivalents at the end of the same period of the previous fiscal year was ¥117.7 billion.)

   Cash flows from operating activities

   Net cash used in operating activities during the three months ended June 30, 2011 was ¥39.4 billion, compared with ¥27.4 billion provided in the same period of the previous fiscal year. This was mainly due to a temporary increase in working capital in the International Tobacco Business and the payment of income taxes and bonuses, while we recorded ¥121.8 billion in EBITDA mostly in the tobacco business.

   Cash flows from investing activities

   Net cash used in investing activities during the three months ended June 30, 2011 was ¥20.6 billion, compared with ¥29.3 billion used in the same period of the previous fiscal year, mainly due to the purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities during the three months ended June 30, 2011 was ¥40.7 billion, compared with ¥35.2 billion used in the same period of the previous fiscal year, mainly due to the payment of cash dividends.

d. Liquidity of funds

To ensure liquidity of funds, not only does the JT Group keep cash on hand, it also has alternate sources of funds by establishing commitment lines and others.

(5) Capital expenditure plan

The amount for the JT Group's group-wide capital expenditure plan (for new installations and expansions of facilities, etc.) for the current fiscal year, of which a part was yet to be finalized on the date on which the previous fiscal year's Annual Securities Report was filed, was ¥133.0 billion, and the breakdown by each segment is as follows.

Please note that the plan for installing or retiring of each facility depends on the method of disclosing numerical figures for each segment because of the broad range of individual projects undertaken by JT and its consolidated subsidiaries.

Segment	Projected amount for the fiscal year ending March 31, 2012 (Billions of yen)	Main contents and objectives of facilities, etc.	Capital resources
Japanese Domestic Tobacco	60.5	Improvement of productivity, reduction of costs	Own capital
International Tobacco	44.0	Expansion of production capacity, maintenance and renewals, etc.	Same as above
Pharmaceutical	3.0	Building and strengthening the research and development structure	Same as above
Food	21.0	Building and strengthening production and sales facilities	Same as above

Notes: 1. Consumption taxes are not included.
2. There were no plans for sales or retirement of important facilities except for the regular renewal of facilities.

III. Filing company

1. Information on the Company (JT)'s shares

(1) Total number of shares authorized, etc.

a. Total number of shares authorized

Class	Total number of shares authorized (Share)
Common stock	40,000,000
Total	40,000,000

b. Number of shares issued

Class	Number of shares issued (Share; as of June 30, 2011)	Number of shares issued (Share; as of the date of filing: August 12, 2011)	Name of financial instruments exchange where the stock of JT is traded or the name of authorized financial instruments firms association where JT is registered	Details
Common stock	10,000,000	10,000,000	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section) Nagoya Stock Exchange (First Section) Fukuoka Stock Exchange Sapporo Securities Exchange	(Note 2)
Total	10,000,000	10,000,000	–	–

Notes: 1. The provisions of Article 2 of the Japan Tobacco Inc. Act prescribe that the Japanese government must continue to hold at least one-half of all JT shares that the government acquired by voluntary conveyance upon JT's establishment, as adjusted for any subsequent stock split or consolidation of shares, and that the government must continue to hold more than one-third of all JT shares issued.

2. JT's standard class of shares with no rights limitations. No unit share system is adopted.

(2) Status of subscription rights to shares

There were no subscription rights to shares newly issued during this first quarter.

(3) Exercise of bond certificates with subscription rights to shares with exercise price amendment clause

No items to report

(4) Details of rights plan

No items to report

(5) Trends in total number of shares issued, capital stock, etc.

Date	Fluctuation in the number of shares issued (Thousands of shares)	Balance of shares issued (Thousands of shares)	Fluctuation in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Fluctuation in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
April 1, 2011 to June 30, 2011	–	10,000	–	100,000	–	736,400

(6) Status of major shareholders

As the current quarterly accounting period is the first quarter, there are no items to report.

(7) Status of voting rights

a. Shares issued

(As of June 30, 2011)

Classification	Number of shares (Share)	Number of voting rights	Details
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury stock, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury stock, etc.)	Common stock 478,526	–	(Note 2)
Shares with full voting rights (Other)	Common stock 9,521,474	9,521,474	(Note 2)
Odd shares	–	–	–
Total number of shares issued	10,000,000	–	–
Total number of voting rights	–	9,521,474	–

Notes: 1. The number of “Shares with full voting rights (Other)” includes 168 shares in the name of Japan Securities Depository Center, Inc. “Number of voting rights” includes 168 units of voting rights related to shares with full voting rights in its name.

2. JT’s standard class of shares with no rights limitations. No unit share system is adopted.

b. Treasury stock, etc.

(As of June 30, 2011)

Name of shareholder	Address	Number of shares held under own name (Share)	Number of shares held under the name of others (Share)	Total number of shares held (Share)	Percentage of number of shares held in the total number of shares issued (%)
Japan Tobacco Inc.	2-1, Toranomon 2-chome, Minato-ku, Tokyo, Japan	478,526	–	478,526	4.79
Total	–	478,526	–	478,526	4.79

2. Status of officers

After filing of the previous fiscal year’s Annual Securities Report, there were no personnel changes of officers during the three months ended June 30, 2011.

IV. Accounting

1. Preparation policy of the quarterly consolidated financial statements

JT prepares quarterly consolidated financial statements in accordance with the Regulation for Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007, hereinafter, the “Regulation for Quarterly Consolidated Financial Statements”).

In accordance with Article 5-2, paragraph (2) of the Regulation for Quarterly Consolidated Financial Statements, JT prepares quarterly consolidated statements of cash flows.

2. Audit attestation

The quarterly consolidated financial statements for this first quarter (from April 1, 2011 to June 30, 2011) and for the three months ended June 30, 2011 were reviewed by Deloitte Touche Tohmatsu LLC pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

1. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2011	As of June 30, 2011
Assets		
Current assets		
Cash and deposits	117,458	135,490
Notes and accounts receivable-trade	301,829	322,920
Short-term investment securities	159,097	25,621
Merchandise and finished goods	108,215	148,487
Semi-finished goods	103,475	85,909
Work in process	3,738	6,372
Raw materials and supplies	276,989	279,869
Other	172,920	* 243,270
Allowance for doubtful accounts	(2,781)	(2,458)
Total current assets	1,240,943	1,245,483
Noncurrent assets		
Property, plant and equipment	663,550	675,454
Intangible assets		
Goodwill	1,094,366	1,160,963
Right of trademark	286,435	298,787
Other	27,234	27,185
Total intangible assets	1,408,037	1,486,935
Investments and other assets		
Investment securities	58,582	61,868
Other	196,533	219,115
Allowance for doubtful accounts	(23,540)	(23,484)
Total investments and other assets	231,576	257,500
Total noncurrent assets	2,303,163	2,419,890
Total assets	3,544,107	3,665,374
Liabilities		
Current liabilities		
Notes and accounts payable-trade	170,820	185,555
Short-term loans payable	70,059	53,222
Current portion of bonds	126,486	134,213
Current portion of long-term loans payable	21,490	21,340
National tobacco excise tax payable	202,234	264,479
National tobacco special excise tax payable	8,150	7,102
Local tobacco excise tax payable	102,168	105,268
Income taxes payable	65,651	37,573
Provision	38,777	23,116
Other	252,052	181,551
Total current liabilities	1,057,892	1,013,423

(Millions of yen)

	As of March 31, 2011	As of June 30, 2011
Noncurrent liabilities		
Bonds payable	325,738	332,390
Long-term loans payable	152,414	178,701
Provision for retirement benefits	224,214	228,046
Other provision	375	374
Other	211,720	244,589
Total noncurrent liabilities	914,464	984,102
Total liabilities	1,972,356	1,997,525
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	736,409	736,409
Retained earnings	1,395,932	1,380,553
Treasury stock	(94,573)	(94,573)
Total shareholders' equity	2,137,768	2,122,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,753	6,994
Pension liability adjustment of foreign consolidated subsidiaries	(34)	(35)
Foreign currency translation adjustment	(648,647)	(540,302)
Total accumulated other comprehensive income	(642,928)	(533,343)
Subscription rights to shares	763	812
Minority interests	76,146	77,990
Total net assets	1,571,750	1,667,848
Total liabilities and net assets	3,544,107	3,665,374

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income (cumulative)

(Millions of yen)

		Three months ended June 30, 2010		Three months ended June 30, 2011
Net sales	*1	588,553	*1	588,176
Cost of sales		318,629		337,419
Gross profit		269,924		250,756
Selling, general and administrative expenses		190,378		178,779
Operating income		79,545		71,976
Non-operating income				
Interest income		277		510
Dividends income		433		995
Foreign exchange gains		–		749
Other		1,668		2,077
Total non-operating income		2,379		4,333
Non-operating expenses				
Interest expenses		4,817		4,512
Foreign exchange losses		2,652		–
Financial support for domestic leaf tobacco growers		154		1,545
Other		3,362		2,190
Total non-operating expenses		10,986		8,248
Ordinary income		70,938		68,061
Extraordinary income				
Gain on sales of noncurrent assets		361		231
Other		2,059		25
Total extraordinary income		2,421		256
Extraordinary loss				
Loss on sales of noncurrent assets		27		31
Loss on retirement of noncurrent assets		732		1,250
Impairment loss		788		286
Business restructuring costs		166	*2	8,818
Regulatory fine in Canada	*3	13,267		–
Loss on the Great East Japan Earthquake		–	*4	9,723
Other		5,109		747
Total extraordinary losses		20,092		20,857
Income before income taxes and minority interests		53,266		47,459
Income taxes		29,562		23,170
Net income before minority interests		23,704		24,289
Minority interests in income		1,520		1,582
Net income		22,184		22,706

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Net income before minority interests	23,704	24,289
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,980)	1,232
Pension liability adjustment of foreign consolidated subsidiaries	(7)	(0)
Foreign currency translation adjustment	(38,899)	108,610
Total other comprehensive income	(42,887)	109,842
Comprehensive income	(19,182)	134,132
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(20,716)	132,291
Comprehensive income attributable to minority interests	1,534	1,841

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	53,266	47,459
Depreciation and amortization	30,071	29,696
Impairment loss	788	286
Amortization of goodwill	23,446	20,877
Increase (decrease) in provision for retirement benefits	(873)	3,074
Interest and dividends income	(710)	(1,506)
Interest expenses	4,817	4,512
Loss (gain) on sales and retirement of noncurrent assets	134	721
Regulatory fine in Canada	13,267	–
Decrease (increase) in notes and accounts receivable-trade	(11,763)	(11,768)
Decrease (increase) in inventories	(33,571)	(51,526)
Increase (decrease) in notes and accounts payable-trade	(6,624)	12,282
Increase (decrease) in accounts payable-other	(9,463)	(22,029)
Increase (decrease) in tobacco excise taxes payable	32,499	54,984
Other, net	(630)	(76,923)
Subtotal	94,654	10,142
Interest and dividends income received	1,257	3,652
Interest expenses paid	(3,530)	(4,121)
Payment for regulatory fine in Canada	(13,267)	–
Income taxes paid	(51,620)	(49,080)
Net cash provided by (used in) operating activities	27,493	(39,407)
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(8,799)	(998)
Proceeds from sales and redemption of securities	3,926	3,005
Purchase of property, plant and equipment	(28,329)	(19,805)
Purchase of intangible assets	(1,921)	(2,548)
Payments into time deposits	(3,043)	(11,354)
Proceeds from withdrawal of time deposits	4,522	10,018
Purchase of investments in subsidiaries	(0)	(393)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(646)	–
Other, net	4,897	1,437
Net cash provided by (used in) investing activities	(29,393)	(20,639)

(Millions of yen)

	Three months ended June 30, 2010		Three months ended June 30, 2011
Net cash provided by (used in) financing activities			
Increase (decrease) in short-term bank loans and commercial paper		(34,615)		6,259
Proceeds from long-term loans payable		30,000		–
Repayment of long-term loans payable		(616)		(7,788)
Redemption of bonds		(50)		(50)
Cash dividends paid		(28,416)		(37,662)
Proceeds from stock issuance to minority shareholders		219		209
Cash dividends paid to minority shareholders		(303)		(413)
Repayments of finance lease obligations		(1,476)		(1,321)
Net cash provided by (used in) financing activities		(35,258)		(40,767)
Effect of exchange rate change on cash and cash equivalents		368		2,791
Net increase (decrease) in cash and cash equivalents		(36,789)		(98,022)
Cash and cash equivalents at beginning of period		154,368		244,240
Increase in cash and cash equivalents from newly consolidated subsidiary		194		–
Cash and cash equivalents at end of period	*	117,773	*	146,217

Change in scope of consolidation or scope of equity method

Omitted because of immateriality.

Changes in accounting policies, etc.

Three months ended June 30, 2011
(Application of International Financial Reporting Standards (IFRS) at JT International S.A. and other foreign subsidiaries) JT International S.A. and other foreign subsidiaries (JTI), which are classified under the JT Group's International Tobacco Business, had previously applied U.S. GAAP. However, effective January 1, 2011, JTI applied International Financial Reporting Standards (IFRS). As the JT Group's business expands globally and the application of IFRS is useful in order to enhance international comparability in the capital market, the Group is aiming to apply IFRS. As part of this process, JTI, which had previously applied U.S. GAAP, established a sufficient structure to prepare financial statements in accordance with IFRS as of the beginning of the current fiscal year; therefore, JTI has applied IFRS from January 1, 2011. As a result of this change, JTI applied IFRS retrospectively to the figures of the financial position, operating results and cash flow position. Along with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006, revised February 19, 2010), etc., the quarterly consolidated financial statements for the three months ended June 30, 2010 and the consolidated financial statements for the fiscal year ended March 31, 2011 are shown in accordance with this retrospective application, etc. Consequently, compared to the figures before the retrospective application, in the consolidated balance sheet for the previous fiscal year, total assets have decreased by ¥27,820 million, total liabilities have decreased by ¥8,368 million, and net assets have decreased by ¥19,452 million. In the quarterly consolidated statement of income for the three months ended June 30, 2010, net sales have decreased by ¥395, 571 million, cost of sales has decreased by ¥395,767 million, operating income has increased by ¥423 million, ordinary income has decreased by ¥648 million, and income before income taxes and minority interests has decreased by ¥648 million. In addition, the balance of retained earnings as of the beginning of the previous fiscal year has decreased by ¥4,661 million reflecting the cumulative amount of the effect from the retrospective application to net assets as of the beginning of the previous fiscal year.

Three months ended June 30, 2011
(Exclusion of amount equivalent to tobacco excise taxes from net sales and cost of sales) The JT Group had previously applied a method by which the amount equivalent to tobacco excise taxes was included in net sales and cost of sales. However, effective April 1, 2011, the method applied has been changed to one which excludes this amount from net sales and cost of sales. Regarding tobacco excise taxes, although we are taxed according to different taxation systems in different countries, as the same amount equivalent to tobacco excise taxes that is included in net sales is also included in cost of sales, this is not something that has an effect on profit. However, the JT Group believes that, under the current circumstances, in which tobacco excise tax hikes have been implemented in various countries in recent years, increases in the amounts equivalent to tobacco excise taxes included in net sales and cost of sales may cause the performance of the JT Group to be evaluated inappropriately, to an extent that is above the actual results of its business activities. The JT Group believes that it is able to demonstrate its performance more appropriately by showing net sales and cost of sales, net of tobacco excise taxes equivalent amount under such an environment. In addition, as the JT Group's business expands globally, it is important to take accounting treatments based on IFRS into consideration. Furthermore, the JT Group has made this change as a way of reflecting the actual conditions of the business, by also taking into consideration the treatment of amounts equivalent to taxes in "Accounting Practice Committee Research Report No. 13 Research Report on Revenue Recognition in Japan (interim report) –considerations in light of IAS 18 'Revenue' (December 8, 2009, the Japanese Institute of Certified Public Accountants)." The JT Group has applied this change in its accounting policy retrospectively, and the quarterly consolidated financial statements for the three months ended June 30, 2010 and the consolidated financial statements for the fiscal year ended March 31, 2011 are shown in accordance with this retrospective application. As a result, compared to the amount before the retrospective application, for the three months ended June 30, 2010, net sales and cost of sales have both decreased by ¥482,973 million (excluding the impact from the application of IFRS at JT International S.A. and other foreign subsidiaries). However, this has no effect on operating income, ordinary income or income before income taxes and minority interests. In addition, as there is no cumulative amount of the impact from this retrospective application to be reflected in net assets as of the beginning of the previous fiscal year, this has no effect on the balance of retained earnings as of the beginning of the previous fiscal year. In addition, net sales including the amount equivalent to tobacco excise taxes, which was previously disclosed as net sales, is presented in "Notes to quarterly consolidated financial statements, Notes to quarterly consolidated statements of income" as net sales including tobacco excise taxes.

Special accounting applied in preparing quarterly consolidated financial statements

	Three months ended June 30, 2011
Calculation of tax expenses	Tax expenses are computed by: using rational means to obtain an estimate of the effective tax rate after tax effect accounting is applied to income before income taxes and minority interests for the fiscal year including this first quarter; and then by multiplying income before income taxes and minority interests by the aforesaid estimated effective tax rate.

Additional information

Three months ended June 30, 2011
(Application of Accounting Standard for Accounting Changes and Error Corrections, etc.) For accounting changes and error corrections made on or after April 1, 2011, JT has applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009).

Notes to quarterly consolidated financial statements

(Notes to quarterly consolidated balance sheets)

As of March 31, 2011	As of June 30, 2011
―	* "Other" in current assets includes repurchase agreements for which collateral in the form of securities received from counterparties is valued at ¥16,999 million as of June 30, 2011.

(Notes to quarterly consolidated statements of income)

Three months ended June 30, 2010	Three months ended June 30, 2011
*1. Net sales including tobacco excise taxes for the three months ended June 30, 2010 amounted to ¥1,464,502 million. Net sales including tobacco excise taxes is the amount of net sales plus the amount equivalent to tobacco excise taxes.	*1. Net sales including tobacco excise taxes for the three months ended June 30, 2011 amounted to ¥1,513,210 million. Net sales including tobacco excise taxes is the amount of net sales plus the amount equivalent to tobacco excise taxes.
―	*2. Business restructuring costs were incurred in association with the business restructuring measures mainly for rationalization of the International Tobacco Business.
*3. On April 13, 2010, JTI-Macdonald Corp. ("JTI-Mac"), JT's Canadian consolidated subsidiary, entered into a comprehensive agreement with the Government of Canada and all provinces and territories to establish a cooperation mechanism in combating cigarette smuggling and contraband. In addition, JTI-Mac pleaded to regulatory offense for its involvement in the illicit trade of cigarettes prior to JT's acquisition of non-US tobacco operations of RJR Nabisco Inc. and paid CAD150 million. The payment amount is recorded in extraordinary loss as "Regulatory fine in Canada."	―
―	*4. Loss on the Great East Japan Earthquake refers to items such as loss on abandonment of inventories and fixed costs resulting from the discontinuation of operations which occurred at the manufacturing facilities and other sites of JT and its consolidated subsidiaries as a result of the Great East Japan Earthquake.

(Notes to quarterly consolidated statements of cash flows)

Three months ended June 30, 2010		Three months ended June 30, 2011	
* Cash and cash equivalents at the end of the period are reconciled to items on the quarterly consolidated balance sheets as follows:		* Cash and cash equivalents at the end of the period are reconciled to items on the quarterly consolidated balance sheets as follows:	
	(As of June 30, 2010) (Millions of yen)		(As of June 30, 2011) (Millions of yen)
Cash and deposits	119,210	Cash and deposits	135,490
Time deposits with deposit periods of over three months	(6,376)	Time deposits with deposit periods of over three months	(13,892)
Short-term investments with an investment period within three months, which are readily convertible to cash and represent less value fluctuation risk		Short-term investments with an investment period within three months, which are readily convertible to cash and represent less value fluctuation risk	
(Short-term investment securities)	4,940	(Short-term investment securities)	7,620
		(Other current assets)	16,999
Cash and cash equivalents	117,773	Cash and cash equivalents	146,217

(Shareholders' equity)

I. Three months ended June 30, 2010

Cash dividends
Dividend payments

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Cash dividend per share (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 24, 2010	Common stock	28,740	3,000	March 31, 2010	June 25, 2010	Retained earnings

II. Three months ended June 30, 2011

Cash dividends
Dividend payments

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Cash dividend per share (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 24, 2011	Common stock	38,085	4,000	March 31, 2011	June 27, 2011	Retained earnings

(Segment information, etc.)

Segment information

I. Three months ended June 30, 2010

1. Information regarding net sales and profit or loss by reportable segment

(Millions of yen)

	Japanese Domestic Tobacco	International Tobacco (Note 3)	Pharmaceutical	Food	Total
Net sales					
(1) Sales (Note 1)	242,399	233,251	11,828	96,215	583,693
(2) Intersegment sales or transfers	7,228	11,879	–	36	19,144
Total	249,627	245,130	11,828	96,251	602,837
Segment profit (loss) (Note 2)	58,390	74,216	(2,092)	4,059	134,573

Notes: 1. Net sales of the Japanese Domestic Tobacco Business consist of net sales of tobacco products of JT and net sales relating to the wholesale of tobacco products of other companies (imported tobacco products), duty-free shops in Japan and the China Division, among others. In the Japanese Domestic Tobacco Business, adjusted net sales, which exclude net sales other than those of tobacco products of JT, came to ¥146,140 million. Similarly, net sales of the International Tobacco Business also include net sales relating to the distribution business that includes the wholesale of tobacco products of other companies, leaf tobacco sales and contract manufacturing, among others. In the International Tobacco Business, adjusted net sales, which exclude such net sales, came to ¥212,529 million.

In order to provide the adequate information about the results of the Japanese Domestic Tobacco Business and International Tobacco Business, we believe that net sales excluding the net sales of the tobacco products of other companies, including the wholesale, are useful, which are disclosed as adjusted net sales for this reporting purpose.

2. Segment profit or loss is based on operating income before depreciation and amortization (property, plant and equipment, intangible assets, and long-term prepaid expenses) and amortization of goodwill (EBITDA).

Depreciation and amortization and amortization of goodwill included in operating expenses by reportable segment are as follows.

(Millions of yen)

Three months ended June 30, 2010	Japanese Domestic Tobacco	International Tobacco	Pharmaceutical	Food	Total
Depreciation and amortization	10,890	13,001	972	4,018	28,882
Amortization of goodwill	272	20,781	–	2,397	23,451

3. With respect to the International Tobacco Business segment, as the closing date of the accounting period of foreign consolidated subsidiaries including JT International S.A., the core company of this segment, is set on December 31, operating results from January 1, 2010 to March 31, 2010 have been included in the consolidated operating results for the three months ended June 30, 2010.

2. Differences between total amounts for reportable segments and amounts in the quarterly consolidated statements of income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Net sales	Amount
Reportable segments total	602,837
Other net sales (Note 1)	7,432
Elimination of intersegment transactions	(21,716)
Net sales recorded in quarterly consolidated statements of income	588,553

(Millions of yen)

Profit	Amount
Reportable segments total	134,573
Other profits (Note 1)	3,319
Head office expenses (Note 2)	(4,621)
Elimination of intersegment transactions	(295)
Other adjustments (Note 3)	91
Subtotal (Note 4)	133,067
Depreciation and amortization	(30,071)
Amortization of goodwill	(23,451)
Operating income recorded in quarterly consolidated statements of income	79,545

Notes: 1. Other net sales and other profits include business activities relating to rent of real estate.

2. Head office expenses are mainly general and administrative expenses not attributable to any reportable segment and mainly advertising expenses and operating expenses for the head office corporate division are included.

3. Other adjustments include recognized actuarial net gains or losses on retirement benefit pension plans with regard to the International Tobacco Business, which are amended in accordance with the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18).

4. The subtotal is based on company-wide operating income before depreciation and amortization (property, plant and equipment, intangible assets, and long-term prepaid expenses) and amortization of goodwill (EBITDA).

II. Three months ended June 30, 2011

1. Information regarding net sales and profit or loss by reportable segment

(Millions of yen)

	Japanese Domestic Tobacco	International Tobacco (Note 3)	Pharmaceutical	Food	Total
Net sales					
(1) Sales (Note 1)	263,353	216,906	11,954	91,837	584,052
(2) Intersegment sales or transfers	7,219	5,877	–	13	13,110
Total	270,572	222,784	11,954	91,851	597,163
Segment profit (loss) (Note 2)	46,199	74,328	(3,576)	6,143	123,095

Notes: 1. Net sales of the Japanese Domestic Tobacco Business consist of net sales of tobacco products of JT and net sales relating to the wholesale of tobacco products of other companies (imported tobacco products), duty-free shops in Japan and the China Division, among others. In the Japanese Domestic Tobacco Business, adjusted net sales, which exclude net sales other than those of tobacco products of JT, came to ¥100,311 million. Similarly, net sales of the International Tobacco Business also include net sales relating to the distribution business that includes the wholesale of tobacco products of other companies, leaf tobacco sales and contract manufacturing, among others. In the International Tobacco Business, adjusted net sales, which exclude such net sales, came to ¥201,423 million.

In order to provide the adequate information about the results of the Japanese Domestic Tobacco Business and International Tobacco Business, we believe that net sales excluding the net sales of the tobacco products of other companies, including the wholesale, are useful, which are disclosed as adjusted net sales for this reporting purpose.

2. Segment profit or loss is based on operating income before depreciation and amortization (property, plant and equipment, intangible assets, and long-term prepaid expenses) and amortization of goodwill (EBITDA). Depreciation and amortization and amortization of goodwill included in operating expenses by reportable segment are as follows.

(Millions of yen)

Three months ended June 30, 2011	Japanese Domestic Tobacco	International Tobacco	Pharmaceutical	Food	Total
Depreciation and amortization	9,380	13,011	920	4,583	27,895
Amortization of goodwill	272	18,262	–	2,347	20,882

3. With respect to the International Tobacco Business segment, as the closing date of the accounting period of foreign consolidated subsidiaries including JT International S.A., the core company of this segment, is set on December 31, operating results from January 1, 2011 to March 31, 2011 have been included in the consolidated operating results for the three months ended June 30, 2011.

2. Differences between total amounts for reportable segments and amounts in the quarterly consolidated statements of income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Net sales	Amount
Reportable segments total	597,163
Other net sales (Note 1)	6,458
Elimination of intersegment transactions	(15,445)
Net sales recorded in quarterly consolidated statements of income	588,176

(Millions of yen)

Profit	Amount
Reportable segments total	123,095
Other profits (Note 1)	2,884
Head office expenses (Note 2)	(4,278)
Elimination of intersegment transactions	(660)
Other adjustments (Note 3)	789
Subtotal (Note 4)	121,831
Depreciation and amortization	(28,973)
Amortization of goodwill	(20,882)
Operating income recorded in quarterly consolidated statements of income	71,976

Notes: 1. Other net sales and other profits include business activities relating to rent of real estate.

2. Head office expenses are mainly general and administrative expenses not attributable to any reportable segment and mainly advertising expenses and operating expenses for the head office corporate division are included.

3. Other adjustments include recognized actuarial net gains or losses on retirement benefit pension plans with regard to the International Tobacco Business, which are amended in accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18).

4. The subtotal is based on company-wide operating income before depreciation and amortization (property, plant and equipment, intangible assets, and long-term prepaid expenses) and amortization of goodwill (EBITDA).

3. Change to measurement method for profit or loss by reportable segment

As described in "Changes in accounting policies, etc.," effective January 1, 2011, consolidated subsidiaries in the International Tobacco Business which is substantially operated by JT International S.A. applied International Financial Reporting Standards (IFRS). JT manages the International Tobacco Business based on financial statements prepared in accordance with IFRS. Consequently, the measurement for profit for the International Tobacco Business segment in "Segment information" is based on IFRS.

The figures stated for the three months ended June 30, 2010 have been restated based on the measurement method for business segment profit for the current fiscal year.

(Per share information)

Net income per share and its basis for computing and diluted net income per share and its basis for computing are as follows:

	Three months ended June 30, 2010	Three months ended June 30, 2011
(1) Net income per share (Yen)	2,315.70	2,384.80
(Basis for computing)		
Net income (Millions of yen)	22,184	22,706
Amounts not attributable to common shareholders (Millions of yen)	–	–
Net income related to common stock (Millions of yen)	22,184	22,706
Average number of common stocks during the period (Thousands of shares)	9,580	9,521
(2) Diluted net income per share (Yen)	2,315.19	2,384.03
(Basis for computing)		
Dilutive effects (Millions of yen)	–	–
Number of increased common stocks (Thousands of shares)	2	3
Dilutive shares that are not included in the calculation of diluted net income per share as they have no dilutive effects and in which there were significant changes after the end of the previous fiscal year	–	–

(Additional information)

Three months ended June 30, 2011
On September 29, 2009, the Government of Ontario, Canada filed a lawsuit against 13 tobacco manufacturers including JT's Canadian consolidated subsidiary, JTI-Macdonald Corp. ("JTI-Mac"), and 1 industry organization. The detail is as follows. (1) Parties to the lawsuit Plaintiff Government of Ontario (Canada) Defendants 14 parties of tobacco manufacturers and other including JTI-Mac (2) Content of the complaint To seek compensation against 13 tobacco manufacturers and 1 industry organization for damages for the cost of health care benefits, resulting from tobacco related disease or the risk of tobacco related disease, which have been paid or will be paid by the Government of Ontario for insured persons. (3) Amount of the claim CAD50.0 billion (approximately ¥4.1690 trillion) * The statement of claim in this case contains allegations of joint and several liabilities amongst all the defendants but does not specify any individual amount or percentages, within the total amount of the claim, which is claimed from any individual defendant. JTI-Mac has valid grounds to defend the action which it will pursue by all appropriate means with the full support of JT. There are similar pending lawsuits against tobacco manufacturers and others including a JT Group company filed in Canada by the Government of British Columbia, the Government of New Brunswick and the Government of Newfoundland and Labrador claiming the recovery of health care costs, however, the amounts of claims have not been specified in these lawsuits.

(Important subsequent events)

As of June 30, 2011
On July 28, 2011, the JT Group concluded an agreement with Haggar Holding Company Ltd. and two individual shareholders to acquire all outstanding shares of Haggar Cigarette & Tobacco Factory Ltd. (North Sudan) (hereinafter “North HCTF”) and Haggar Cigarette & Tobacco Factory Ltd. (South Sudan) (hereinafter “South HCTF”), which operate manufacturing and sales of tobacco products in the Republics of Sudan and South Sudan. Through this acquisition, the JT Group aims to develop a business base in the Sudanese market for the International Tobacco Business. (1) Outline of the acquired companies a. Name Haggar Cigarette & Tobacco Factory Ltd. (North Sudan) Haggar Cigarette & Tobacco Factory Ltd. (South Sudan) b. Business description Manufacturing and sales of tobacco products c. Registered share capital North HCTF 1,000,000 Sudanese Pound (Approximately ¥30 million) South HCTF 1,000,000 Sudanese Pound (Approximately ¥30 million) (2) Time of the acquisition of shares Expected in November 2011 (3) Number of shares to acquire, acquisition costs and shareholding ratio after the acquisition a. Number of shares to acquire North HCTF 10,000,000 shares South HCTF 10,000,000 shares b. Acquisition costs Approximately US$450 million (Approximately ¥36.1 billion) (Aggregation for two companies) c. Shareholding ratio after the acquisition North HCTF 100% South HCTF 100% (4) Measure to pay consideration and raise funds a. Measure to pay consideration Payment by cash b. Measure to raise funds Retained cash and borrowing through existing loan facilities (5) Other significant special arrangements None

2. Other

No items to report

B. Information on Guarantee Companies, etc. of Filing Company

No items to report

[The following represents a translation, for convenience only, of the original report issued in the Japanese language.]
(TRANSLATION)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

August 1, 2011

To the Board of Directors of
Japan Tobacco Inc.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yasuyuki Miyasaka (Seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Satoshi Iizuka (Seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koji Ishikawa (Seal)

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the consolidated financial statements included in the Accounting Section, namely, the consolidated balance sheet of Japan Tobacco Inc. and subsidiaries as of June 30, 2011 and the related consolidated statements of income, comprehensive income and cash flows for the three-month period then ended, and the related notes.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with accounting principles for interim consolidated financial statements generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review. We conducted our review in accordance with quarterly review standards generally accepted in Japan. A review of interim financial statements consists of making inquiries, primarily of management

and persons responsible for financial and accounting matters, and applying analytical and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
We believe that we have obtained the evidence to provide a basis for our review conclusion.

Accountants’ Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Japan Tobacco Inc. and its consolidated subsidiaries as of June 30, 2011, and the consolidated results of their operations and their cash flows for the three-month period then ended, in conformity with accounting principles for interim consolidated financial statements generally accepted in Japan.

Matter of Emphasis

1. As discussed in changes in accounting policies, JT International S.A. and other foreign subsidiaries(JTI) had previously applied U.S. GAAP, however, effective January 1, 2011, JTI applied International Financial Reporting Standards(IFRS).
   This matter does not affect our conclusion.
2. As discussed in changes in accounting policies, the JT Group had previously applied a method by which the amount equivalent to tobacco excise taxes was included in net sales and cost of sales, however, effective April 1, 2011, the method applied has been changed to one which excludes this amount from net sales and cost of sales.
   This matter does not affect our conclusion.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

Notes: 1. The document presented above is a digitized copy of the original version of the “INDEPENDENT ACCOUNTANTS’ REVIEW REPORT.” The original report is kept separately by JT (the filing company of the Quarterly Securities Report).
2. The section of interim consolidated financial statements of this report does not contain their XBRL data.