[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.]

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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:	November 14, 2011
Quarterly accounting period:	Second quarter of the 27th term (from July 1, 2011 to September 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
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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	Six months ended September 30, 2010	Six months ended September 30, 2011	26th term
Accounting period	From April 1, 2010 to September 30, 2010	From April 1, 2011 to September 30, 2011	From April 1, 2010 to March 31, 2011
Net sales (Millions of yen) [Second quarter]	1,297,494 [708,940]	1,277,503 [689,327]	2,432,638
Ordinary income (Millions of yen)	186,475	192,515	313,065
Net income (Millions of yen) [Second quarter]	81,321 [59,136]	95,875 [73,168]	145,365
Comprehensive income (Millions of yen)	(121,237)	171,691	(110,352)
Net assets (Millions of yen)	1,609,022	1,704,389	1,571,750
Total assets (Millions of yen)	3,718,019	3,594,067	3,544,107
Net income per share (Yen) [Second quarter]	8,488.54 [6,172.84]	10,069.35 [7,684.55]	15,183.52
Diluted net income per share (Yen)	8,486.67	10,066.10	15,179.19
Equity ratio (%)	41.22	45.21	42.18
Net cash provided by (used in) operating activities (Millions of yen)	341,728	200,065	399,638
Net cash provided by (used in) investing activities (Millions of yen)	(70,628)	(35,852)	(119,406)
Net cash provided by (used in) financing activities (Millions of yen)	(215,211)	(189,956)	(184,950)
Cash and cash equivalents at end of period (Millions of yen)	202,834	217,975	244,240

Notes: 1. Filing company’s trends in principal management benchmarks are not disclosed as JT prepares quarterly consolidated financial statements. Please note that the data for the three months (the second quarter) is prepared by subtracting previous three months’ amount from the total amount of six months.

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 six months ended September 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 six months ended September 30, 2010, those for the second quarter of the 26th term 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 six months ended September 30, 2010, those for the second quarter of the 26th term and those for the 26th term are presented reflecting retrospective application of this accounting policy change.

2. Business description

During the six months ended September 30, 2011, there were neither material changes in the business of the JT Group (JT, 239 consolidated subsidiaries and 12 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 six months ended September 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.

The bill for the "Act on Special Measures for Securing Necessary Financial Resources for the Implementation of Reconstruction Measures Following the Great East Japan Earthquake," which was submitted to the Diet on October 28, 2011, prescribes the sale of the portion of JT shares held by the Japanese government that exceeds one-third of all JT shares issued (Article 4) and the imposition of special tobacco excise taxes for reconstruction (Article 70). Supplemental provisions of the bill also prescribe making a change in the ratio of JT shares the Japanese government is legally required to hold by revising the Japan Tobacco Inc. Act (Article 5 of the Act's supplemental provisions), as well as examining the feasibility of selling JT shares by reassessing the framework under which the government holds the shares (Article 12 of the Act's supplemental provisions).

The bill for the "Act on Temporary Special Provisions for Local Taxes Related to Securing Necessary Financial Resources for Disaster Prevention Measures Implemented by Local Governments for Reconstruction Following the Great East Japan Earthquake" also prescribes an increase in local tobacco excise taxes.

2. Important operational contracts, etc.

No important operational contracts were decided or entered into during this second 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 September 30, 2011.

(1) Operating results

The JT Group is effecting measures under our medium-term management plan "JT-11" established in April 2009 towards making of sustainable growth possible for the future by effecting future-oriented investments and constant operational improvements.

Please note that the closing date of the second quarter accounting period of the consolidated subsidiaries classified in the International Tobacco Business segment is June 30, and their financial results used for the results of the six months ended September 30, 2011 are for the six months from January 1 to June 30, 2011.

<Net sales>

Consolidated net sales for the six months ended September 30, 2011 were ¥1,277.5 billion, a decrease of ¥19.9 billion, or 1.5%, from the same period of the previous fiscal year.

Adjusted net sales, which do not include the sales of imported tobacco, etc., handled by our subsidiary TS Network Co., Ltd. fell ¥89.8 billion, or 8.7%, from the same period of the previous fiscal year, to

¥940.3 billion. This was due to the heightened demand in the same period of the previous fiscal year ahead of tax and price increases, as well as a decrease in sales volume from a drop in demand from the tax and price increases and the impact of the earthquake disaster in the Japanese Domestic Tobacco Business, along with the impact of a high yen when making conversions into that currency in the International Tobacco Business, among other factors.

	Six months ended September 30, 2010 (Billions of yen)	Six months ended September 30, 2011 (Billions of yen)	Change (Billions of yen, %)	
Consolidated net sales	1,297.4	1,277.5	(19.9)	(1.5)
Of which, adjusted net sales (Note)	1,030.1	940.3	(89.8)	(8.7)
Japanese Domestic Tobacco Business	577.0	580.6	3.6	0.6
Of which, adjusted net sales (Note)	351.4	279.5	(71.8)	(20.5)
International Tobacco Business	490.6	476.6	(14.0)	(2.9)
Of which, core net sales (Note)	448.9	440.5	(8.3)	(1.9)
Pharmaceutical Business	23.1	24.3	1.2	5.4
Food Business	196.8	187.5	(9.2)	(4.7)

* 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.
Six months ended September 30, 2010: ¥3.3128 trillion
Six months ended September 30, 2011: ¥3.3271 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 ¥3.0 billion, or 0.4%, from the same period of the previous fiscal year to ¥708.5 billion and selling, general and administrative expenses decreased by ¥15.4 billion, or 3.9%, from the same period of the previous fiscal year to ¥375.9 billion.

<Operating income / EBITDA>

Operating income fell ¥7.6 billion, or 3.8%, from the same period of the previous fiscal year to ¥193.0 billion., and EBITDA decreased by ¥11.0 billion, or 3.6%, from the same period of the previous fiscal year, to ¥296.1 billion, as a result of a decrease in sales, despite the favorable pricing effects in the Japanese Domestic Tobacco Business and International Tobacco Business.

	Six months ended September 30, 2010 (Billions of yen)	Six months ended September 30, 2011 (Billions of yen)	Change (Billions of yen, %)	
Operating income	200.6	193.0	(7.6)	(3.8)
EBITDA	307.1	296.1	(11.0)	(3.6)
Japanese Domestic Tobacco Business	150.1	135.6	(14.4)	(9.7)
International Tobacco Business	156.3	160.8	4.5	2.9
Pharmaceutical Business	(4.8)	(7.2)	(2.4)	–
Food Business	9.6	10.9	1.3	13.8

* 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>

Although there was a decline in operating income, non-operating income/loss improved by ¥13.6 billion, thanks to an improvement in foreign exchange gains/losses, among other factors. As a result, ordinary income increased by ¥6.0 billion, or 3.2%, from the same period of the previous fiscal year to ¥192.5 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 and an improvement in gain/loss on sales and retirement of noncurrent assets, our net extraordinary income/loss worsened by ¥9.1 billion as a result of recording of loss on the Great East Japan Earthquake, cooperation fee for terminating leaf tobacco farming and rationalization costs in the International Tobacco Business, among other factors. Although ordinary income increased by ¥6.0 billion, income before income taxes and minority interests fell ¥3.0 billion from the same period of the previous fiscal year to ¥157.8 billion. Net income, affected by a decline in the amount of income taxes due to lower profit, increased ¥14.5 billion, or 17.9%, from the same period of the previous fiscal year to ¥95.8 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 “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 six months ended September 30, 2011 decreased by 35.6 billion cigarettes, or 41.2%, from the same period of the previous fiscal year to 50.9 billion cigarettes (Note) due to factors such as the heightened demand in the same period of the previous fiscal year ahead of tax and price increases in October last year, a drop in demand resulting from the tax and price increases, as well as the limitation to deliveries in terms of the number of brands and delivery volume, particularly between April and June as a result of the impact of the Great East Japan Earthquake. Sales volume is improving as a result of the removal of the limitations to the number of brands and delivery volume, having grown from sales of 18.4 billion cigarettes between April and June to sales of 32.4 billion cigarettes between July and September. Furthermore, our market share for the six months was 50.9%, compared with 64.1% for the previous fiscal year.

With the price increase, net sales per 1,000 cigarettes increased by ¥1,437 from the same period of the previous fiscal year to ¥5,490.

As a result, adjusted net sales decreased approximately ¥71.8 billion, or 20.5%, from the same period of the previous fiscal year, to ¥279.5 billion because of the decrease in sales volume, despite favorable pricing. Net sales including net sales, etc. of imported tobacco handled by our subsidiary TS Network Co., Ltd. increased ¥3.6 billion, or 0.6%, from the same period of the previous fiscal year, to ¥580.6 billion.

EBITDA decreased ¥14.4 billion, or 9.7%, from the same period of the previous fiscal year, to ¥135.6 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, particularly between April and June.

The volume of cigarettes manufactured in Japan during the six months ended September 30, 2011 decreased by 26.2 billion cigarettes, or 27.5%, from the same period of the previous fiscal year to 69.0 billion cigarettes.

Note: In addition to the figure stated above, during the six months ended September 30, 2011, 1.8 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 six months ended June 30, 2011, there was steady growth in sales of Winston in Russia, Turkey and Italy. In addition, LD sales grew in Russia. As a result, the shipment volume of GFB increased by 3.7 billion cigarettes, or 3.2%, from the same period of the previous fiscal year to 122.0 billion cigarettes. Despite an industry contraction in Ukraine and Spain, the total shipment volume including GFB increased by 0.2 billion cigarettes, or 0.1%, from the same period of the previous fiscal year to 204.9 billion cigarettes.

In the six months ended June 30, 2011, because of favorable pricing, as well as advantageous foreign exchange effects on the local currencies of major markets, among others, dollar-based net sales increased by $441 million, or 8.2%, from the same period of the previous fiscal year to $5,812 million while core net sales increased by $458 million, or 9.3%, from the same period of the previous fiscal year to $5,372 million. EBITDA was $1,962 million, an increase of $250 million, or 14.6%, 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 ¥14.0 billion, or 2.9%, from the same period of the previous fiscal year to ¥476.6 billion with a decrease in core net sales of ¥8.3 billion, or 1.9%, to ¥440.5 billion and an increase in EBITDA of ¥4.5 billion, or 2.9%, to ¥160.8 billion.

The volume of cigarettes manufactured overseas during the six months ended June 30, 2011 decreased by 3.2 billion cigarettes, or 1.8%, from the same period of the previous fiscal year to 178.7 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 six months ended June 30, 2011 was ¥82.01 per U.S. dollar, representing a ¥9.35 year-on-year yen appreciation, compared with ¥91.36 per U.S. dollar in the same period of the previous fiscal year.

Pharmaceutical Business

In the Pharmaceutical Business, we focused our efforts on increasing and advancing compounds in late stage developments and enhancing the research and development pipeline. The number of compounds developed in-house that are under clinical development is now eight because JTZ-951, a treatment for anemia associated with kidney disease, has advanced to the clinical trial stage, while we have abandoned the development of JTT-305, a calcium-sensing receptor (CaSR) antagonist, and JTK-656, an anti-HIV drug. For single-tablet regimen containing anti-HIV drug JTK-303, Gilead Sciences, Inc., which is the licensee, has submitted a new drug application to the U.S. Food and Drug Administration (FDA).

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 due to factors such as an increase in research and development expenses.

Net sales in the six months ended September 30, 2011 increased by ¥1.2 billion, or 5.4%, from the same period of the previous fiscal year to ¥24.3 billion mainly due to the increased sales at Torii. EBITDA was negative ¥7.2 billion (compared to negative ¥4.8 billion in the same period of the previous fiscal year) due to factors such as an increase in research and development expenses at Torii.

Food Business

Net sales in the six months ended September 30, 2011 declined by ¥9.2 billion, or 4.7%, from the same period of the previous fiscal year to ¥187.5 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 mainly following a solid sales performance of our flagship brand “Roots” and an expansion in sales of staple food products (frozen noodles, cooked packed rice, baked frozen bread). However, EBITDA increased by ¥1.3 billion, or 13.8%, from the same period of the previous fiscal year to ¥10.9 billion thanks to an expansion in sales of high-margin staple food products and a decrease in fixed costs, among other factors, despite an increase in advertising expenses associated with efforts to further boost the value of the “Roots” brand.

(2) Operational and financial issues to be addressed

During the six months ended September 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 six months ended September 30, 2011 were ¥26.4 billion.

During the six months ended September 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 at the end of the six months ended September 30, 2011 stood at ¥217.9 billion, representing a ¥26.2 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 ¥202.8 billion.)

   Cash flows from operating activities

   Net cash provided by operating activities during the six months ended September 30, 2011 was ¥200.0 billion, compared with ¥341.7 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 ¥296.1 billion in EBITDA mostly in the tobacco business.

   Cash flows from investing activities

   Net cash used in investing activities during the six months ended September 30, 2011 was ¥35.8

billion, compared with ¥70.6 billion used in the same period of 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 six months ended September 30, 2011 was ¥189.9 billion, compared with ¥215.2 billion used in the same period of the previous fiscal year, mainly due to the redemption of bonds, payment of cash dividends and repayment of long-term loans payable.

d. Liquidity of funds

To ensure liquidity of funds, not only does the JT Group keep cash on hand, it also has sources of funds such as commitment lines.

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 September 30, 2011)	Number of shares issued (Share; as of the date of filing: November 14, 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 second 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)
July 1, 2011 to September 30, 2011	–	10,000	–	100,000	–	736,400

(6) Status of major shareholders

(As of September 30, 2011)

Name of shareholder	Address	Number of shares held (Share)	Percentage of number of shares held in the total number of shares issued (%)
The Minister of Finance	1-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo, Japan	5,001,340	50.01
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, Japan	239,078	2.39
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo, Japan	211,069	2.11
State Street Bank and Trust Company 505223 (Standing proxy: Mizuho Corporate Bank, Ltd., Settlement Sales Department)	P.O.BOX 351 BOSTON, MASSACHUSETTS 02101 U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, Japan)	178,909	1.79
State Street Bank and Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	P.O.BOX 351 BOSTON, MASSACHUSETTS 02101 U.S.A. (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan)	173,786	1.74
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo, Japan	169,000	1.69
Government of Singapore Investment Corporation Pte Ltd. (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	168 ROBINSON ROAD #37-01 CAPITAL TOWER SINGAPORE 068912 (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan)	126,408	1.26
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension (Standing proxy: Mizuho Corporate Bank, Ltd., Settlement Sales Department)	ONE BOSTON PLACE BOSTON, MA 02108 (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, Japan)	99,696	1.00
The Chase Manhattan Bank 385036 (Standing proxy: Mizuho Corporate Bank, Ltd., Settlement Sales Department)	360 N. CRESCENT DRIVE BEVERLYHILLS, CA 90210 U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, Japan)	86,342	0.86
UBS AG London Childrens Invest MF (Standing proxy: Citibank Japan Ltd.)	BAHNHOFSTRASSE 45, 8001 ZURICH, SWITZERLAND (3-14, Higashi-shinagawa 2-chome, Shinagawa-ku, Tokyo, Japan)	66,000	0.66
Total	–	6,351,628	63.52

Note: In addition to the above, JT held 478,526 shares of common stock as treasury stock.

(7) Status of voting rights

a. Shares issued

(As of September 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 September 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 six months ended September 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 64, paragraph 3 and Article 83-2, paragraph 3 of the Regulation for Quarterly Consolidated Financial Statements, JT prepares quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income for the quarterly accounting period.

2. Audit attestation

The quarterly consolidated financial statements for the second quarter (from July 1, 2011 to September 30, 2011) and for the six months ended September 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 September 30, 2011
Assets			
Current assets			
Cash and deposits	117,458		196,312
Notes and accounts receivable-trade	301,829		333,426
Short-term investment securities	159,097		3,129
Merchandise and finished goods	108,215		132,469
Semi-finished goods	103,475		80,728
Work in process	3,738		5,576
Raw materials and supplies	276,989		272,663
Other	172,920	*	217,920
Allowance for doubtful accounts	(2,781)		(2,254)
Total current assets	1,240,943		1,239,973
Noncurrent assets			
Property, plant and equipment	663,550		662,628
Intangible assets			
Goodwill	1,094,366		1,118,063
Right of trademark	286,435		285,598
Other	27,234		28,173
Total intangible assets	1,408,037		1,431,835
Investments and other assets			
Investment securities	58,582		64,278
Other	196,533		217,774
Allowance for doubtful accounts	(23,540)		(22,423)
Total investments and other assets	231,576		259,629
Total noncurrent assets	2,303,163		2,354,093
Total assets	3,544,107		3,594,067
Liabilities			
Current liabilities			
Notes and accounts payable-trade	170,820		173,430
Short-term bank loans	70,059		52,209
Current portion of bonds	126,486		60,219
Current portion of long-term loans payable	21,490		132,615
National tobacco excise tax payable	202,234		232,108
National tobacco special excise tax payable	8,150		7,718
Local tobacco excise tax payable	102,168		101,046
Income taxes payable	65,651		55,317
Provision	38,777		35,740
Other	252,052		248,580
Total current liabilities	1,057,892		1,098,986

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
Noncurrent liabilities		
Bonds payable	325,738	270,844
Long-term loans payable	152,414	53,399
Provision for retirement benefits	224,214	228,951
Other provision	375	419
Other	211,720	237,075
Total noncurrent liabilities	914,464	790,691
Total liabilities	1,972,356	1,889,678
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	736,409	736,409
Retained earnings	1,395,932	1,453,721
Treasury stock	(94,573)	(94,573)
Total shareholders' equity	2,137,768	2,195,557
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,753	6,761
Pension liability adjustment of foreign consolidated subsidiaries	(34)	(34)
Foreign currency translation adjustment	(648,647)	(577,371)
Total accumulated other comprehensive income	(642,928)	(570,644)
Subscription rights to shares	763	812
Minority interests	76,146	78,663
Total net assets	1,571,750	1,704,389
Total liabilities and net assets	3,544,107	3,594,067

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

Quarterly consolidated statements of income (cumulative)

(Millions of yen)

		Six months ended September 30, 2010		Six months ended September 30, 2011
Net sales	*1	1,297,494	*1	1,277,503
Cost of sales		705,468		708,520
Gross profit		592,025		568,983
Selling, general and administrative expenses	*2	391,384	*2	375,956
Operating income		200,640		193,027
Non-operating income				
Interest income		1,035		1,003
Dividends income		610		1,010
Foreign exchange gains		–		4,823
Other		4,199		7,476
Total non-operating income		5,844		14,313
Non-operating expenses				
Interest expenses		9,353		8,224
Foreign exchange losses		2,080		–
Financial support for domestic leaf tobacco growers		1,384		2,625
Other		7,191		3,974
Total non-operating expenses		20,009		14,825
Ordinary income		186,475		192,515
Extraordinary income				
Gain on sales of noncurrent assets		840		8,091
Other		2,857		505
Total extraordinary income		3,698		8,597
Extraordinary loss				
Loss on sales of noncurrent assets		462		777
Loss on retirement of noncurrent assets		2,713		2,607
Impairment loss		2,429		427
Business restructuring costs	*3	2,961	*3	9,246
Regulatory fine in Canada	*4	13,365		–
Loss on the Great East Japan Earthquake		–	*5	12,650
Cooperation Fee for Terminating Leaf Tobacco Farming		–		12,353
Other		7,259		5,160
Total extraordinary losses		29,192		43,222
Income before income taxes and minority interests		160,981		157,890
Income taxes		76,277		58,750
Net income before minority interests		84,703		99,139
Minority interests in income		3,382		3,264
Net income		81,321		95,875

Quarterly consolidated statements of income

(Millions of yen)

	Second quarter ended September 30, 2010	Second quarter ended September 30, 2011
Net sales	708,940	689,327
Cost of sales	386,839	371,100
Gross profit	322,101	318,226
Selling, general and administrative expenses	201,006	197,176
Operating income	121,095	121,050
Non-operating income		
Interest income	757	492
Dividends income	176	15
Foreign exchange gains	571	4,074
Other	2,530	5,398
Total non-operating income	4,036	9,980
Non-operating expenses		
Interest expenses	4,536	3,712
Other	5,058	2,864
Total non-operating expenses	9,594	6,576
Ordinary income	115,537	124,454
Extraordinary income		
Gain on sales of noncurrent assets	478	7,859
Other	798	480
Total extraordinary income	1,277	8,340
Extraordinary loss		
Loss on sales of noncurrent assets	435	745
Loss on retirement of noncurrent assets	1,981	1,357
Impairment loss	1,640	140
Cooperation Fee for Terminating Leaf Tobacco Farming	–	12,353
Other	5,042	7,768
Total extraordinary losses	9,100	22,364
Income before income taxes and minority interests	107,714	110,430
Income taxes	46,715	35,580
Net income before minority interests	60,999	74,850
Minority interests in income	1,862	1,682
Net income	59,136	73,168

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Net income before minority interests	84,703	99,139
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,813)	1,004
Pension liability adjustment of foreign consolidated subsidiaries	(6)	0
Foreign currency translation adjustment	(202,121)	71,547
Total other comprehensive income	(205,941)	72,551
Comprehensive income	(121,237)	171,691
Total comprehensive income attributable to		
Owners of the parent	(124,425)	168,159
Minority interests	3,187	3,532

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Second quarter ended September 30, 2010	Second quarter ended September 30, 2011
Net income before minority interests	60,999	74,850
Other comprehensive income		
Valuation difference on available-for-sale securities	166	(228)
Pension liability adjustment of foreign consolidated subsidiaries	0	1
Foreign currency translation adjustment	(163,221)	(37,063)
Total other comprehensive income	(163,054)	(37,291)
Comprehensive income	(102,055)	37,559
Total comprehensive income attributable to		
Owners of the parent	(103,708)	35,867
Minority interests	1,653	1,691

(3) Quarterly consolidated statements of cash flows (cumulative)

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	160,981	157,890
Depreciation and amortization	60,354	61,272
Impairment loss	2,429	427
Amortization of goodwill	46,169	42,618
Increase (decrease) in provision for retirement benefits	(2,685)	(1,021)
Interest and dividends income	(1,645)	(2,013)
Interest expenses	9,353	8,224
Loss (gain) on sales and retirement of noncurrent assets	1,610	(5,584)
Regulatory fine in Canada	13,365	–
Decrease (increase) in notes and accounts receivable-trade	(91,798)	(27,242)
Decrease (increase) in inventories	(3,268)	4,825
Increase (decrease) in notes and accounts payable-trade	62,657	1,093
Increase (decrease) in accounts payable-other	(12,312)	(14,332)
Increase (decrease) in tobacco excise taxes payable	148,099	24,721
Other, net	35,396	20,081
Subtotal	428,707	270,960
Interest and dividends income received	3,035	3,369
Interest expenses paid	(13,396)	(11,710)
Payment for regulatory fine in Canada	(13,365)	–
Income taxes paid	(63,253)	(62,554)
Net cash provided by (used in) operating activities	341,728	200,065
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(11,802)	(2,105)
Proceeds from sales and redemption of securities	4,700	18,987
Purchase of property, plant and equipment	(64,249)	(42,295)
Proceeds from sales of property, plant and equipment	3,737	10,930
Purchase of intangible assets	(2,999)	(6,149)
Purchase of investment securities	(950)	(3,500)
Payments into time deposits	(13,600)	(23,434)
Proceeds from withdrawal of time deposits	7,581	11,622
Purchase of investments in subsidiaries	(0)	(392)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(646)	–
Other, net	7,601	482
Net cash provided by (used in) investing activities	(70,628)	(35,852)

(Millions of yen)

	Six months ended September 30, 2010		Six months ended September 30, 2011	
Net cash provided by (used in) financing activities				
Increase (decrease) in short-term bank loans and commercial paper		(151,209)		(1,894)
Proceeds from long-term loans payable		30,000		–
Repayment of long-term loans payable		(12,180)		(10,682)
Redemption of bonds		(50,150)		(135,789)
Cash dividends paid		(28,734)		(38,078)
Proceeds from stock issuance to minority shareholders		221		346
Cash dividends paid to minority shareholders		(523)		(1,223)
Repayments of finance lease obligations		(2,634)		(2,633)
Other, net		0		–
Net cash provided by (used in) financing activities		(215,211)		(189,956)
Effect of exchange rate change on cash and cash equivalents		(7,616)		(521)
Net increase (decrease) in cash and cash equivalents		48,270		(26,264)
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	*	202,834	*	217,975

Change in scope of consolidation or scope of equity method

Omitted because of immateriality.

Changes in accounting policies, etc.

Six months ended September 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 accounting principles generally accepted in the United States of America (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 effective 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 six months and the second quarter ended September 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 amounts before the retrospective application, in the consolidated balance sheet as of the previous fiscal year end, 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 six months ended September 30, 2010, net sales have decreased by ¥845,372 million, cost of sales has decreased by ¥845,766 million, operating income has increased by ¥1,755 million, ordinary income has increased by ¥283 million, and income before income taxes and minority interests has increased by ¥283 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 effects of the retrospective application on net assets as of the beginning of the previous fiscal year.

Six months ended September 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 six months and the second quarter ended September 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 amounts before the retrospective application, for the six months ended September 30, 2010, net sales and cost of sales have both decreased by ¥1,155,867 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 effects of the 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 were 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 treatment applied in preparing quarterly consolidated financial statements

	Six months ended September 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 second quarter; and then by multiplying income before income taxes and minority interests by the aforesaid estimated effective tax rate.

Additional information

Six months ended September 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 September 30, 2011
―	* “Other” in current assets includes repurchase agreements for which collateral in the form of securities received from counterparties is valued at ¥45,984 million as of September 30, 2011.

(Notes to quarterly consolidated statements of income (cumulative))

Six months ended September 30, 2010	Six months ended September 30, 2011
*1. Net sales including tobacco excise taxes for the six months ended September 30, 2010 amounted to ¥3,312,880 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 six months ended September 30, 2011 amounted to ¥3,327,106 million. Net sales including tobacco excise taxes is the amount of net sales plus the amount equivalent to tobacco excise taxes.
*2. Major items and their amounts of selling, general and administrative expenses are as follows: Advertising expenses ¥9,388 million Promotion expenses ¥67,274 million Compensation, salaries and allowances ¥65,612 million Retirement benefit expenses ¥7,828 million Legal welfare expenses ¥12,609 million Employees’ bonuses ¥344 million Provision for bonuses ¥22,628 million Depreciation and amortization ¥31,361 million Amortization of goodwill ¥46,179 million Research and development expenses ¥24,531 million	*2. Major items and their amounts of selling, general and administrative expenses are as follows: Advertising expenses ¥8,325 million Promotion expenses ¥60,839 million Compensation, salaries and allowances ¥66,209 million Retirement benefit expenses ¥9,638 million Legal welfare expenses ¥12,182 million Employees’ bonuses ¥388 million Provision for bonuses ¥21,374 million Depreciation and amortization ¥28,218 million Amortization of goodwill ¥42,627 million Research and development expenses ¥26,447 million
*3. Business restructuring costs were incurred in association with the business restructuring measures mainly for rationalization of the Japanese Domestic Tobacco and Food Businesses.	*3. Business restructuring costs were incurred in association with the business restructuring measures mainly for rationalization of the International Tobacco Business.
*4. 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 counterfeit. In addition, JTI-Mac pleaded to regulatory offense for its involvement in the illicit trade of cigarettes prior to JT’s acquisition of the 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.”	―
―	*5. 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 (cumulative))

<table>
<tr><th colspan="2">Six months ended September 30, 2010</th><th colspan="2">Six months ended September 30, 2011</th></tr>
<tr><td colspan="2">* Cash and cash equivalents at the end of the period are reconciled to items on the quarterly consolidated balance sheet as follows:
(As of September 30, 2010)
(Millions of yen)</td><td colspan="2">* Cash and cash equivalents at the end of the period are reconciled to items on the quarterly consolidated balance sheet as follows:
(As of September 30, 2011)
(Millions of yen)</td></tr>
<tr><td>Cash and deposits</td><td>115,694</td><td>Cash and deposits</td><td>196,312</td></tr>
<tr><td>Time deposits with deposit periods of over three months</td><td>(13,874)</td><td>Time deposits with deposit periods of over three months</td><td>(24,342)</td></tr>
<tr><td>Short-term investments with an investment period within three months, which are readily convertible to cash and represent less value fluctuation risk</td><td></td><td>Short-term investments with an investment period within three months, which are readily convertible to cash and represent less value fluctuation risk</td><td></td></tr>
<tr><td>(Short-term investment securities)</td><td>9,080</td><td>(Short-term investment securities)</td><td>20</td></tr>
<tr><td>(Other current assets)</td><td>91,934</td><td>(Other current assets)</td><td>45,984</td></tr>
<tr><td>Cash and cash equivalents</td><td>202,834</td><td>Cash and cash equivalents</td><td>217,975</td></tr>
</table>

(Shareholders' equity)

I. Six months ended September 30, 2010

(1) 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

(2) Dividends whose record dates are in the six months ended September 30, 2010 and whose effective dates fall after the end of this second quarter

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Cash dividend per share (Yen)	Record date	Effective date	Source of dividends
Meeting of the Board of Directors held on October 28, 2010	Common stock	26,824	2,800	September 30, 2010	December 1, 2010	Retained earnings

II. Six months ended September 30, 2011

(1) 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

(2) Dividends whose record dates are in the six months ended September 30, 2011 and whose effective dates fall after the end of this second quarter

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Cash dividend per share (Yen)	Record date	Effective date	Source of dividends
Meeting of the Board of Directors held on October 31, 2011	Common stock	38,085	4,000	September 30, 2011	December 1, 2011	Retained earnings

(Segment information, etc.)

Segment information

I. Six months ended September 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)	577,080	490,657	23,128	196,858	1,287,724
(2) Intersegment sales or transfers	15,458	24,295	–	62	39,816
Total	592,539	514,952	23,128	196,921	1,327,540
Segment profit (loss) (Note 2)	150,144	156,387	(4,800)	9,646	311,377

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 ¥351,447 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, core net sales, which exclude such net sales, came to ¥448,964 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 of the Japanese Domestic Tobacco Business and core net sales of the International Tobacco Business 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)

Six months ended September 30, 2010	Japanese Domestic Tobacco	International Tobacco	Pharmaceutical	Food	Total
Depreciation and amortization	21,828	25,966	1,989	8,180	57,964
Amortization of goodwill	544	41,829	–	4,805	46,179

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 June 30, 2010 have been included in the consolidated operating results for the six months ended September 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	1,327,540
Other net sales (Note 1)	14,677
Elimination of intersegment transactions	(44,724)
Net sales recorded in quarterly consolidated statements of income	1,297,494

(Millions of yen)

Profit	Amount
Reportable segments total	311,377
Other profits (Note 1)	6,642
Head office expenses (Note 2)	(9,135)
Elimination of intersegment transactions	(524)
Other adjustments (Note 3)	(1,185)
Subtotal (Note 4)	307,174
Depreciation and amortization	(60,354)
Amortization of goodwill	(46,179)
Operating income recorded in quarterly consolidated statements of income	200,640

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 adjusted in accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18).

4. 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. Six months ended September 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)	580,696	476,611	24,374	187,571	1,269,253
(2) Intersegment sales or transfers	14,953	15,967	–	43	30,964
Total	595,649	492,578	24,374	187,614	1,300,218
Segment profit (loss) (Note 2)	135,649	160,894	(7,215)	10,981	300,310

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 ¥279,554 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, core net sales, which exclude such net sales, came to ¥440,578 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 of the Japanese Domestic Tobacco Business and core net sales of the International Tobacco Business 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)

Six months ended September 30, 2011	Japanese Domestic Tobacco	International Tobacco	Pharmaceutical	Food	Total
Depreciation and amortization	19,325	28,105	1,854	9,085	58,371
Amortization of goodwill	544	37,388	–	4,695	42,627

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 June 30, 2011 have been included in the consolidated operating results for the six months ended September 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	1,300,218
Other net sales (Note 1)	12,916
Elimination of intersegment transactions	(35,631)
Net sales recorded in quarterly consolidated statements of income	1,277,503

(Millions of yen)

Profit	Amount
Reportable segments total	300,310
Other profits (Note 1)	5,413
Head office expenses (Note 2)	(8,616)
Elimination of intersegment transactions	(763)
Other adjustments (Note 3)	(170)
Subtotal (Note 4)	296,173
Depreciation and amortization	(60,518)
Amortization of goodwill	(42,627)
Operating income recorded in quarterly consolidated statements of income	193,027

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 adjusted in accordance with the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18).

4. 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 (loss) by reportable segment

As discussed 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 (loss) for the International Tobacco Business segment in “Segment information” is based on IFRS.

The amounts stated for the six months ended September 30, 2010 have been restated based on the measurement method for business segment profit for the current fiscal period.

III. Second quarter ended September 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)	334,681	257,406	11,299	100,643	704,031
(2) Intersegment sales or transfers	8,229	12,415	–	26	20,672
Total	342,911	269,821	11,299	100,669	724,703
Segment profit (loss) (Note 2)	91,753	82,171	(2,707)	5,586	176,804

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 ¥205,307 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, core net sales, which exclude such net sales, came to ¥236,435 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 of the Japanese Domestic Tobacco Business and core net sales of the International Tobacco Business 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)

Second quarter ended September 30, 2010	Japanese Domestic Tobacco	International Tobacco	Pharmaceutical	Food	Total
Depreciation and amortization	10,938	12,965	1,017	4,161	29,082
Amortization of goodwill	272	20,047	–	2,408	22,728

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 April 1, 2010 to June 30, 2010 have been included in the consolidated operating results for the second quarter ended September 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	724,703
Other net sales (Note 1)	7,245
Elimination of intersegment transactions	(23,007)
Net sales recorded in quarterly consolidated statements of income	708,940

(Millions of yen)

Profit	Amount
Reportable segments total	176,804
Other profits (Note 1)	3,322
Head office expenses (Note 2)	(4,513)
Elimination of intersegment transactions	(229)
Other adjustments (Note 3)	(1,277)
Subtotal (Note 4)	174,107
Depreciation and amortization	(30,283)
Amortization of goodwill	(22,728)
Operating income recorded in quarterly consolidated statements of income	121,095

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 adjusted in accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18).

4. 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).

IV. Second quarter ended September 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)	317,342	259,704	12,419	95,733	685,200
(2) Intersegment sales or transfers	7,734	10,089	–	30	17,854
Total	325,077	269,794	12,419	95,763	703,054
Segment profit (loss) (Note 2)	89,449	86,565	(3,638)	4,838	177,214

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 ¥179,242 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, core net sales, which exclude such net sales, came to ¥239,154 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 of the Japanese Domestic Tobacco Business and core net sales of the International Tobacco Business 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)

Second quarter ended September 30, 2011	Japanese Domestic Tobacco	International Tobacco	Pharmaceutical	Food	Total
Depreciation and amortization	9,944	15,094	934	4,501	30,475
Amortization of goodwill	272	19,125	–	2,347	21,745

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 April 1, 2011 to June 30, 2011 have been included in the consolidated operating results for the second quarter ended September 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	703,054
Other net sales (Note 1)	6,458
Elimination of intersegment transactions	(20,185)
Net sales recorded in quarterly consolidated statements of income	689,327

(Millions of yen)

Profit	Amount
Reportable segments total	177,214
Other profits (Note 1)	2,528
Head office expenses (Note 2)	(4,338)
Elimination of intersegment transactions	(102)
Other adjustments (Note 3)	(960)
Subtotal (Note 4)	174,341
Depreciation and amortization	(31,544)
Amortization of goodwill	(21,745)
Operating income recorded in quarterly consolidated statements of income	121,050

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 (loss) by reportable segment

As discussed 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 amounts stated for the second quarter ended September 30, 2010 have been restated based on the measurement method for business segment profit for the current fiscal period.

(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:

	Six months ended September 30, 2010	Six months ended September 30, 2011
(1) Net income per share (Yen)	8,488.54	10,069.35
(Basis for computing)		
Net income (Millions of yen)	81,321	95,875
Amounts not attributable to common shareholders (Millions of yen)	–	–
Net income related to common stock (Millions of yen)	81,321	95,875
Average number of shares of common stock outstanding during the period (Thousands of shares)	9,580	9,521
(2) Diluted net income per share (Yen)	8,486.67	10,066.10
(Basis for computing)		
Dilutive effects (Millions of yen)	–	–
Number of increased shares of common stock (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	–	–

	Second quarter ended September 30, 2010	Second quarter ended September 30, 2011
(1) Net income per share (Yen)	6,172.84	7,684.55
(Basis for computing)		
Net income (Millions of yen)	59,136	73,168
Amounts not attributable to common shareholders (Millions of yen)	–	–
Net income related to common stock (Millions of yen)	59,136	73,168
Average number of shares of common stock outstanding during the period (Thousands of shares)	9,580	9,521
(2) Diluted net income per share (Yen)	6,171.48	7,682.07
(Basis for computing)		
Dilutive effects (Millions of yen)	–	–
Number of increased shares of common stock (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)

Six months ended September 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 ¥3.6985 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.

2. Other

Dividends

The Board of Directors, at a meeting held on October 31, 2011, resolved the following interim dividends for the current fiscal year.

(a) Total amount of interim dividends ¥38,085 million

(b) Amount per share ¥4,000.00

(c) Effective date of requests for payment, and commencement date of payments December 1, 2011

Note: Dividends shall be paid to shareholders registered or recorded on the shareholder registry as of September 30, 2011.

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 ACCOUNTANT'S REVIEW REPORT

November 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 quarterly consolidated financial statements included in the Accounting Section, namely, the quarterly consolidated balance sheet of Japan Tobacco Inc. and its consolidated subsidiaries as of September 30, 2011 and the related quarterly consolidated statements of income, and comprehensive income for the three-month and six-month periods then ended, the quarterly consolidated statement of cash flows for the six-month period then ended, and the related notes.

Management's Responsibility for the Quarterly Consolidated Financial Statements

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

Accountant's Responsibility

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

persons responsible for financial and accounting matters, and applying analytical procedures 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 conclusion.

Accountant’s Conclusion

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

Matter of Emphasis

1. As discussed in changes in accounting policies, etc., JT International S.A. and other foreign subsidiaries (JTI) had previously applied accounting principles generally accepted in the United States of America, 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, etc., 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 ACCOUNTANT’S REVIEW REPORT.” The original report is kept separately by JT (the filing company of the Quarterly Securities Report).
2. The section of quarterly consolidated financial statements of this report does not contain their XBRL data.