[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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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:	Mitsuomi Koizumi, 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 (3-1, Kinkocho, Kanagawa-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)

A. Company Information

I. Overview of the JT Group

1. Trends in principal management benchmarks

Term	Three months ended June 30, 2011	Three months ended June 30, 2012	27th term
Accounting period	From April 1, 2011 to June 30, 2011	From April 1, 2012 to June 30, 2012	From April 1, 2011 to March 31, 2012
Revenue (Millions of yen)	436,795	512,108	2,033,825
Profit before income taxes (Millions of yen)	72,141	124,391	441,355
Profit for the period (Millions of yen)	47,782	86,406	328,559
Profit attributable to owners of the parent company (Millions of yen)	46,126	84,521	320,883
Comprehensive income (loss) for the period (Millions of yen)	159,404	237,617	192,143
Total equity (Millions of yen)	1,722,105	1,895,500	1,714,626
Total assets (Millions of yen)	3,800,182	3,857,348	3,667,007
Basic earnings per share (Yen)	24.22	44.38	168.50
Diluted earnings per share (Yen)	24.21	44.37	168.44
Ratio of equity attributable to owners of the parent company to total assets (%)	43.26	46.99	44.56
Net cash flows from (used in) operating activities (Millions of yen)	(38,095)	98,124	551,573
Net cash flows from (used in) investing activities (Millions of yen)	(21,493)	(26,419)	(103,805)
Net cash flows from (used in) financing activities (Millions of yen)	(134,247)	(140,501)	(279,064)
Cash and cash equivalents at the end of the period (Millions of yen)	52,248	340,700	404,740

Notes: 1. Effective from the 27th term, the JT Group prepares the consolidated financial statements based on International Financial Reporting Standards (hereinafter, "IFRS").

2. Filing company's trends in principal management benchmarks are not disclosed as JT prepares quarterly consolidated financial statements.
3. The yen amounts are rounded to the nearest million.
4. Revenue does not include consumption taxes.
5. JT conducted a share split at a ratio of 200 to one with July 1, 2012 as effective date. Consequently, basic earnings per share and diluted earnings per share are calculated on the assumption that this share split was conducted at the beginning of the previous fiscal year.

2. Business description

During the three months ended June 30, 2012, there were neither material changes in the business of the JT Group (JT, 233 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 three months ended June 30, 2012, 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.

With regard to cash and cash equivalents held by an Iranian subsidiary of the JT Group, due to international sanctions and other factors imposed on Iran, the subsidiary's ability to remit funds outside of Iran is restricted. Although we used the official exchange rate as published by the Central Bank of Iran in translating the cash and cash equivalents, due to international sanctions and other factors, significant disparity has arisen between the official exchange rates and rates offered by foreign exchange offices.

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, 2012.

The Group discloses certain additional financial measures that are not required or defined under accounting standards. These measures are used internally to manage each of our business operations to understand their underlying performance, in view of our aiming for medium- to long-term sustainable growth, and we believe that they are useful information for users of our financial statements to assess the Group's performance.

Core revenue

For tobacco business, core revenue is disclosed additionally as a breakdown of revenue. Specifically, the figure for the domestic tobacco business is presented after deducting imported tobacco delivery charges, among others, included in the revenue from the revenue, while the figure for the international tobacco business is presented after deducting the revenue accounted for in distribution business and contract manufacturing, among others, from the revenue.

Adjusted EBITDA

Adjusted EBITDA presents operating profit, less depreciation and amortization, impairment losses on goodwill, restructuring-related income and costs, etc., in order to provide useful comparative information on our performance.

Furthermore, adjusted EBITDA for the current period in the international tobacco business is translated and calculated using the foreign exchange rates of the same period of the previous fiscal year. Adjusted EBITDA at constant rates of exchange, excluding foreign exchange effects, is also presented as additional information.

(1) Operating results

<Revenue>

Revenue increased by ¥75.3 billion, or 17.2%, from the same period of the previous fiscal year to ¥512.1 billion. This was mainly the result of an increase in sales volume in the domestic tobacco business from the same period of the previous fiscal year, in which there was an impact from the earthquake disaster, and favorable pricing and a shipment volume increase in the international tobacco business.

	Three months ended June 30, 2011	Three months ended June 30, 2012	Change	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	436.8	512.1	75.3	17.2
Domestic Tobacco Business	114.6	173.1	58.5	51.0
Of which, core revenue	103.9	165.3	61.4	59.2
International Tobacco Business	216.9	233.6	16.7	7.7
Of which, core revenue	201.4	216.7	15.3	7.6
Pharmaceutical Business	11.3	12.7	1.4	12.4
Food Business	90.1	88.5	(1.5)	(1.7)

* Figures exclude revenue within consolidated companies.

* Revenue includes rent received from leased properties in addition to items relating to the segments shown above. For details, please refer to “IV. Accounting, 1. Quarterly consolidated financial statements, [Notes to Summarized Quarterly Consolidated Financial Statements], 5. Operating Segments, (2) Revenues and Performances for Reportable Segments.”

<Operating profit and adjusted EBITDA>

Operating profit increased by ¥52.2 billion, or 68.2%, from the same period of the previous fiscal year to ¥128.6 billion. This was mainly the result of increased revenue in the domestic and international tobacco businesses, and the occurrence of temporary business restructuring costs in the international tobacco business in the same period of the previous fiscal year. Furthermore, adjusted EBITDA excluding depreciation and amortization and business restructuring costs in the international tobacco business, etc. increased by ¥42.1 billion, or 37.0%, from the same period of the previous fiscal year to ¥156.0 billion. Adjusted EBITDA at constant rates of exchange increased by ¥52.2 billion, or 45.8%, from the same period of the previous fiscal year to ¥166.1 billion.

	Three months ended June 30, 2011	Three months ended June 30, 2012	Change	
	Billions of yen	Billions of yen	Billions of yen	%
Adjusted EBITDA	113.9	156.0	42.1	37.0
Domestic Tobacco Business	36.7	76.6	39.9	108.5
International Tobacco Business	74.2	80.0	5.8	7.8
Pharmaceutical Business	(2.7)	(3.5)	(0.8)	–
Food Business	5.8	4.4	(1.4)	(24.1)
Operating profit	76.4	128.6	52.2	68.2

* Operating profit and adjusted EBITDA include operating profit and adjusted EBITDA relating to factors other than the segments shown above. For details, please refer to “IV. Accounting, 1. Quarterly consolidated financial statements, [Notes to Summarized Quarterly Consolidated Financial Statements], 5. Operating Segments, (2) Revenues and Performances for Reportable Segments.”

<Profit attributable to owners of the parent company>

Profit before income taxes increased by ¥52.3 billion, or 72.4%, from the same period of the previous fiscal year to ¥124.4 billion. Profit attributable to owners of the parent company increased by ¥38.4 billion, or 83.2%, from the same period of the previous fiscal year to ¥84.5 billion.

Operating results by segment are as follows.

Domestic Tobacco Business

Total sales volume for domestic cigarettes during the three months ended June 30, 2012 increased by 11.0 billion cigarettes, or 59.5%, from the same period of the previous fiscal year to 29.4 billion cigarettes(Note). This was mainly due to the effects of limited deliveries in terms of the number of brands and delivery volume in the aftermath of the Great East Japan Earthquake in the same period of the previous fiscal year. Our market share for the three-month period was 59.4%, compared with 54.9% for the previous fiscal year. JT continues to make every possible effort to regain market share through efforts such as the active introduction of new products under key brands and the development of effective sales promotions.

Revenue increased by ¥58.5 billion, or 51.0%, from the same period of the previous fiscal year to ¥173.1 billion, and core revenue increased by ¥61.4 billion, or 59.2%, from the same period of the previous fiscal year to ¥165.3 billion. This was mainly attributable to the increase in sales volume. Domestic cigarette revenue per 1,000 cigarettes was ¥5,508.

Concerning profits, adjusted EBITDA increased by ¥39.9 billion, or 108.5%, from the same period of the previous fiscal year to ¥76.6 billion, mainly due to increased sales volume and the recognition of a loss on the Great East Japan Earthquake in the same period of the previous fiscal year. This was despite a reduction in sales promotions in the same period of the previous fiscal year, in which the number of brands delivered and delivery volume were limited, and increased expenses in order to regain market share and further strengthen brand equity amid an increasingly competitive environment.

The volume of cigarettes manufactured in Japan in the three months ended June 30, 2012 increased by 0.6 billion cigarettes, or 1.7%, from the same period of the previous fiscal year to 36.5 billion cigarettes.

Note: In addition to the figure stated above, during the three months ended June 30, 2012, 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

Among GFBs(Note 1) in the three months ended June 30, 2012, there was steady growth in shipments of Winston in Russia, Spain and Italy, and Camel in Spain and Italy. LD shipments grew in Russia, Poland and Kazakhstan. As a result, shipment volume of GFBs increased by 5.3 billion cigarettes, or 9.5%, from the same period of the previous fiscal year to 61.1 billion cigarettes. Furthermore, total shipment volume including GFBs increased by 4.4 billion cigarettes, or 4.7%, from the same period of the previous fiscal year to 98.9 billion cigarettes thanks to such factors as the acquisition of business bases in Sudan in November 2011, despite a fall in sales of non-GFB local brands in Russia.

Although there was unfavorable foreign exchange effects on the local currencies of key markets, dollar-based revenue increased by $309 million, or 11.7%, from the same period of the previous fiscal year to $2,944 million, while dollar-based core revenue increased by $284 million, or 11.6%, from the same period of the previous fiscal year to $2,731 million. This was mainly driven by the effects of strong pricing. Furthermore, adjusted EBITDA increased by $107 million, or 11.8%, versus the same period of the previous fiscal year, to reach $1,008 million, despite an increase in expenses mainly caused by increases in raw material costs, continued investment in brands, and personnel expenses. Adjusted EBITDA at constant rates of exchange increased by $193 million, or 21.4%, from the same period of the previous fiscal year to $1,094 million.

As a result of the above, despite the effects of a strong yen when making conversions to that currency, revenue increased by ¥16.7 billion, or 7.7%, from the same period of the previous fiscal year to ¥233.6

billion, core revenue increased by ¥15.3 billion, or 7.6%, from the same period of the previous fiscal year to ¥216.7 billion, and adjusted EBITDA increased by ¥5.8 billion, or 7.8%, from the same period of the previous fiscal year to ¥80.0 billion.

The volume manufactured overseas(Note 2) in the three months ended June 30, 2012 increased by 2.3 billion cigarettes, or 2.6%, from the same period of the previous fiscal year to 89.2 billion cigarettes.

Note 1: 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 (GFBs).

Note 2: Volume manufactured overseas includes Roll Your Own ("RYO") and Make Your Own ("MYO") tobacco, as well as cigarillos, bringing it in line with shipment volume. The volume of RYO and MYO tobacco and cigarillos manufactured in the three months ended June 30, 2012 was 3.9 billion cigarettes.

* The foreign exchange rate in the three months ended June 30, 2012 was ¥79.35 per U.S. dollar, representing a ¥2.96 year-on-year yen appreciation, compared with ¥82.31 per U.S. dollar in the same period of the previous fiscal year. The exchange rates of major currencies against the U.S. dollar are as follows.

Foreign exchange rate per U.S. dollar	Three months ended June 30, 2011	Three months ended June 30, 2012
Ruble	29.30 rubles	30.15 rubles
Pounds sterling	0.63 pounds sterling	0.64 pounds sterling
Euro	0.75 euros	0.76 euros

Pharmaceutical Business

In the pharmaceutical business, we will strive to strengthen its earnings base through speedy and smooth market launch of compounds in late-stage developments. The number of compounds developed in-house that are under clinical development is now 8. Gilead Sciences, Inc., which is our licensee, has submitted a marketing application for an anti-HIV single-tablet regimen containing JTK-303 and as mono agent to US FDA and EMA, among others. Regarding anti-dyslipidemia compound JTT-705, Roche, which is the licensee, announced termination of the compound's development on May 7, 2012.

Revenue in the three months ended June 30, 2012 increased by ¥1.4 billion, or 12.4%, from the same period of the previous fiscal year to ¥12.7 billion mainly due to increased sales of products of our subsidiary Torii Pharmaceutical Co., Ltd. including REMITCH® CAPSULES, an oral antipruritus drug for hemodialysis patients, and Truvada® Tablets, an anti-HIV drug. Adjusted EBITDA was negative ¥3.5 billion (compared to negative ¥2.7 billion in the same period of the previous fiscal year) due mainly to an increase in research and development expenses as a result of progress in development.

Food Business

Revenue in the three months ended June 30, 2012 declined by ¥1.5 billion, or 1.7%, from the same period of the previous fiscal year to ¥88.5 billion. In the beverage business, although sales of our flagship coffee brand "Roots" were firm, there was a revenue decline mainly due to the impact of a temporary sales increase following the earthquake disaster in the same period of the previous fiscal year. In our processed food business, while there was growth in staple food products (frozen noodles, packed cooked rice and baked frozen bread), the impact of narrowing our focus on some fishery-related product lines for improved profitability contributed to a decline in revenue.

Adjusted EBITDA in the three months ended June 30, 2012 decreased by ¥1.4 billion, or 24.1%, from the same period of the previous fiscal year to ¥4.4 billion. This was mainly due to the revenue decline in the beverage business, as well as rising raw material prices in the processed food business despite growth in staple food products.

(2) Operational and financial issues to be addressed

During the three months ended June 30, 2012, 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, 2012 were ¥13.3 billion.

During the three months ended June 30, 2012, 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 net cash flows from operating activities, loans from financial institutions and bond and commercial paper issuances.

<Cash flows>

Cash and cash equivalents at the end of the three months ended June 30, 2012 decreased by ¥64.0 billion from the end of the previous fiscal year to ¥340.7 billion. Cash and cash equivalents at the end of the same period of the previous fiscal year was ¥52.2 billion.

Cash flows from (used in) operating activities

Net cash flows from operating activities during the three months ended June 30, 2012 were ¥98.1 billion, compared with ¥38.1 billion used in the same period of the previous fiscal year. This was mainly due to the generation of a stable cash inflow from our tobacco business, despite the payment of income taxes and bonuses.

Cash flows from (used in) investing activities

Net cash flows used in investing activities during the three months ended June 30, 2012 were ¥26.4 billion, compared with ¥21.5 billion used in the same period of the previous fiscal year, mainly due to the purchase of property, plant and equipment.

Cash flows from (used in) financing activities

Net cash flows used in financing activities during the three months ended June 30, 2012 were ¥140.5 billion, compared with ¥134.2 billion used in the same period of the previous fiscal year. The main factors were repayments of long-term borrowings and the payment of cash dividends.

<Interest-bearing debt>

Long-term debt

Bonds issued (including the current portion) as of March 31, 2012 and as of June 30, 2012 accounted for ¥320.5 billion and ¥327.6 billion respectively and long-term borrowings as loans from financial institutions (including the current portion) accounted for ¥127.5 billion and ¥49.7

billion respectively.

Short-term debt

Short-term funds are financed by short-term borrowings from financial institutions, commercial paper, or a combination of both. Short-term borrowings totaled ¥43.5 billion as of March 31, 2012 and ¥44.4 billion as of June 30, 2012. There was no commercial paper outstanding as of March 31, 2012 and as of June 30, 2012.

c. Liquidity

We have historically had, and expect to continue to have, significant cash flows from operating activities. We expect that cash generated from operating activities will continue to be stable and cover funds needed for regular business activities, while we may utilize debt financing, primarily borrowings from financial institutions or the issuance of bonds, as needed. On June 30, 2012, we have committed lines of credit from major financial institutions both domestic and international. In addition, we have a domestic commercial paper program, a domestic bond shelf registration, and uncommitted lines of credit.

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

Note: By resolution of the meeting of the Board of Directors held on April 13, 2012, following a share split, JT changed its articles of incorporation to increase the total number of shares authorized in accordance with the split ratio of the share split with July 1, 2012 as effective date. This resulted in an increase in the total number of shares authorized as of July 1, 2012 by 7,960,000,000 shares to 8,000,000,000 shares.

b. Number of shares issued

Class	Number of shares issued (Share; as of June 30, 2012)	Number of shares issued (Share; as of the date of filing: August 7, 2012)	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	2,000,000,000	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section)	(Note 3)
Total	10,000,000	2,000,000,000	–	–

Notes: 1. The provisions of Article 2 of the Japan Tobacco Inc. Act prescribe that the Japanese government must continue to hold more than one-third of all JT shares issued (excluding shares of a class for which it is provided that the voting rights may not be exercised for all the matters that are subject to resolution at the shareholders meeting).

2. By resolution of the meeting of the Board of Directors held on April 13, 2012, JT conducted a share split at a ratio of 200 to one with July 1, 2012 as effective date. This resulted in an increase in the total number of shares issued by 1,990,000,000 shares to 2,000,000,000 shares.

3. JT's standard class of shares with no rights limitations. By resolution of the meeting of the Board of Directors held on April 13, 2012, JT adopted a unit share system which sets a share trading unit to 100 shares with July 1, 2012 as effective date.

(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, 2012 to June 30, 2012	–	10,000	–	100,000	–	736,400

Note: JT conducted a share split at a ratio of 200 to one with July 1, 2012 as effective date. Consequently, the balance of shares issued as of July 1, 2012 was increased by 1,990,000 thousand shares to 2,000,000 thousand shares.

(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, 2012)

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 3)
Shares with full voting rights (Other)	Common stock 9,521,474	9,521,474	(Note 3)
Odd shares	–	–	–
Total number of shares issued	10,000,000	–	–
Number of voting rights held by all the shareholders	–	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. By resolution of the meeting of the Board of Directors held on April 13, 2012, JT conducted a share split at a ratio of 200 to one, and adopted a unit share system which sets a share trading unit to 100 shares, with July 1, 2012 as effective date. As a result, on July 1, 2012, the related numbers were changed as follows: shares with full voting rights (treasury stock, etc.) to 95,705,200, shares with full voting rights (other) to 1,904,294,800, voting rights in total to 19,042,948, total number of shares issued to 2,000,000,000, and voting rights held by all the shareholders to 19,042,948.

3. JT's standard class of shares with no rights limitations. By resolution of the meeting of the Board of Directors held on April 13, 2012, JT adopted a unit share system which sets a share trading unit to 100 shares with July 1, 2012 as effective date.

b. Treasury stock, etc.

(As of June 30, 2012)

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

Note: By resolution of the meeting of the Board of Directors held on April 13, 2012, JT conducted a share split at a ratio of 200 to one with July 1, 2012 as effective date. As a result, on July 1, 2012, both the number of shares held under own name and the total number of shares held were changed to 95,705,200 shares.

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, 2012.

IV. Accounting

1. Preparation policy for the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of Japan Tobacco Inc. (hereinafter referred to as the "Company") are prepared in conformity with International Accounting Standard 34 "Interim Financial Reporting" (hereinafter referred to as "IAS 34") pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the "Ordinance on QCFS").

Figures stated in the condensed interim consolidated financial statements are rounded to the nearest million yen.

2. Audit Certification

In conformity with the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the condensed interim consolidated financial statements for this first quarter period (from April 1, 2012 to June 30, 2012) and for the three months ended June 30, 2012 were reviewed by Deloitte Touche Tohmatsu LLC.

1. Condensed interim consolidated financial statements

(1) Condensed interim consolidated statement of financial position

(Millions of yen)

	Notes	As of March 31, 2012	As of June 30, 2012
Assets			
Current assets			
Cash and cash equivalents	6	404,740	340,700
Trade and other receivables		327,767	357,532
Inventories		446,617	458,456
Other financial assets		27,361	29,576
Other current assets		123,163	174,216
Subtotal		1,329,649	1,360,479
Non-current assets held-for-sale		1,401	3,348
Total current assets		1,331,050	1,363,828
Non-current assets			
Property, plant and equipment	7	619,536	641,900
Goodwill	7	1,110,046	1,221,858
Intangible assets	7	306,448	327,899
Investment property		67,387	64,842
Retirement benefit assets		14,371	16,304
Investments accounted for using the equity method		18,447	19,589
Other financial assets		67,548	65,325
Deferred tax assets		132,174	135,803
Total non-current assets		2,335,957	2,493,521
Total assets		3,667,007	3,857,348

(Millions of yen)

	Notes	As of March 31, 2012	As of June 30, 2012
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		298,663	288,398
Bonds and borrowings		211,766	138,415
Income tax payables		42,501	52,685
Other financial liabilities		8,039	8,065
Provisions		5,686	5,049
Other current liabilities		590,717	653,902
Subtotal		1,157,373	1,146,514
Liabilities directly associated with non-current assets held-for-sale		101	268
Total current liabilities		1,157,474	1,146,783
Non-current liabilities			
Bonds and borrowings		279,750	283,349
Other financial liabilities		20,994	21,275
Retirement benefit liabilities		315,020	320,790
Provisions		4,448	4,623
Other non-current liabilities		92,235	97,162
Deferred tax liabilities		82,460	87,866
Total non-current liabilities		794,906	815,065
Total liabilities		1,952,380	1,961,848
Equity			
Share capital		100,000	100,000
Capital surplus		736,410	736,410
Treasury shares		(94,574)	(94,574)
Other components of equity		(376,363)	(225,304)
Retained earnings		1,268,577	1,295,883
Equity attributable to owners of the parent company		1,634,050	1,812,416
Non-controlling interests		80,576	83,084
Total equity		1,714,626	1,895,500
Total liabilities and equity		3,667,007	3,857,348

(2) Condensed interim consolidated statement of income

(Millions of yen)

	Notes	Three months ended June 30, 2011	Three months ended June 30, 2012
Revenue	5, 9	436,795	512,108
Cost of sales		(195,226)	(216,812)
Gross profit		241,569	295,296
Other operating income	10	2,052	3,027
Share of profit in investments accounted for using the equity method		380	246
Selling, general and administrative expenses	11	(167,561)	(169,972)
Operating profit	5	76,441	128,597
Financial income	12	1,554	1,085
Financial costs	12	(5,854)	(5,291)
Profit before income taxes		72,141	124,391
Income taxes		(24,359)	(37,985)
Profit for the period		47,782	86,406
Attributable to:			
Owners of the parent company		46,126	84,521
Non-controlling interests		1,656	1,885
Profit for the period		47,782	86,406
Interim earnings per share			
Basic (Yen)	13	24.22	44.38
Diluted (Yen)	13	24.21	44.37

Reconciliation from operating profit to Adjusted EBITDA

(Millions of yen)

	Notes	Three months ended June 30, 2011	Three months ended June 30, 2012
Operating profit		76,441	128,597
Depreciation and amortization		28,680	28,166
Restructuring-related income		(80)	(1,228)
Restructuring-related costs		8,869	469
Adjusted EBITDA	5	113,910	156,004

(3) Condensed interim consolidated statement of comprehensive income

(Millions of yen)

	Notes	Three months ended June 30, 2011	Three months ended June 30, 2012
Profit for the period		47,782	86,406
Other comprehensive income			
Exchange differences on translation of foreign operations		110,364	152,110
Net gain (loss) on derivatives designated as cash flow hedges		(67)	(43)
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income		1,325	(769)
Actuarial gains (losses) on defined benefit retirement plans		–	(87)
Other comprehensive income (loss), net of taxes		111,622	151,211
Comprehensive income (loss) for the period		159,404	237,617
Attributable to:			
Owners of the parent company		157,489	235,422
Non-controlling interests		1,915	2,194
Comprehensive income (loss) for the period		159,404	237,617

(4) Condensed interim consolidated statement of changes in equity

(Millions of yen)

	Notes	Equity attributable to owners of the parent company						
					Other components of equity			
		Share capital	Capital surplus	Treasury shares	Subscription rights to share	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Net gain (loss) on revaluation of available-for-sale securities
Balance as of April 1, 2011		100,000	736,410	(94,574)	763	(257,262)	–	5,754
Cumulative effect of applying a new accounting standard		–	–	–	–	–	(142)	(5,754)
Profit for the period		–	–	–	–	–	–	–
Other comprehensive income (loss)		–	–	–	–	110,098	(67)	–
Comprehensive income (loss) for the period		–	–	–	–	110,098	(67)	–
Share-based payments		–	–	–	49	–	–	–
Dividends	8	–	–	–	–	–	–	–
Changes in the ownership interest in a subsidiary without a loss of control		–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings		–	–	–	–	–	–	–
Other increase (decrease)		–	–	–	–	–	–	–
Total transactions with the owners		–	–	–	49	–	–	–
Balance as of June 30, 2011		100,000	736,410	(94,574)	812	(147,164)	(210)	–
Balance as of April 1, 2012		100,000	736,410	(94,574)	1,028	(387,228)	(309)	–
Profit for the period		–	–	–	–	–	–	–
Other comprehensive income (loss)		–	–	–	–	151,809	(43)	–
Comprehensive income (loss) for the period		–	–	–	–	151,809	(43)	–
Share-based payments		–	–	–	72	–	–	–
Dividends	8	–	–	–	–	–	–	–
Changes in the ownership interest in a subsidiary without a loss of control		–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings		–	–	–	–	–	–	–
Other increase (decrease)		–	–	–	–	–	–	–
Total transactions with the owners		–	–	–	72	–	–	–
Balance as of June 30, 2012		100,000	736,410	(94,574)	1,101	(235,420)	(352)	–

(Millions of yen)

	Notes	Equity attributable to owners of the parent company						
		Other components of equity						
		Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Actuarial gains (losses) on defined benefit retirement plans	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance as of April 1, 2011		–	–	(250,745)	1,034,054	1,525,145	76,166	1,601,311
Cumulative effect of applying a new accounting standard		5,551	–	(344)	97	(247)	47	(201)
Profit for the period		–	–	–	46,126	46,126	1,656	47,782
Other comprehensive income (loss)		1,332	–	111,363	–	111,363	259	111,622
Comprehensive income (loss) for the period		1,332	–	111,363	46,126	157,489	1,915	159,404
Share-based payments		–	–	49	–	49	–	49
Dividends	8	–	–	–	(38,086)	(38,086)	(414)	(38,500)
Changes in the ownership interest in a subsidiary without a loss of control		–	–	–	(379)	(379)	(14)	(394)
Transfer from other components of equity to retained earnings		2	–	2	(2)	–	–	–
Other increase (decrease)		–	–	–	–	–	435	435
Total transactions with the owners		2	–	50	(38,467)	(38,417)	7	(38,410)
Balance as of June 30, 2011		6,886	–	(139,676)	1,041,810	1,643,969	78,135	1,722,105
Balance as of April 1, 2012		10,146	–	(376,363)	1,268,577	1,634,050	80,576	1,714,626
Profit for the period		–	–	–	84,521	84,521	1,885	86,406
Other comprehensive income (loss)		(779)	(87)	150,901	–	150,901	310	151,211
Comprehensive income (loss) for the period		(779)	(87)	150,901	84,521	235,422	2,194	237,617
Share-based payments		–	–	72	–	72	–	72
Dividends	8	–	–	–	(57,129)	(57,129)	(414)	(57,543)
Changes in the ownership interest in a subsidiary without a loss of control		–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings		(0)	87	87	(87)	–	–	–
Other increase (decrease)		–	–	–	–	–	728	728
Total transactions with the owners		(0)	87	159	(57,215)	(57,057)	314	(56,743)
Balance as of June 30, 2012		9,367	–	(225,304)	1,295,883	1,812,416	83,084	1,895,500

(5) Condensed interim consolidated statement of cash flows

(Millions of yen)

	Notes	Three months ended June 30, 2011	Three months ended June 30, 2012
Cash flows from operating activities			
Profit before income taxes		72,141	124,391
Depreciation and amortization		28,680	28,166
Impairment losses		3,438	168
Interest and dividend income		(802)	(949)
Interest expense		4,298	2,689
Share of profit in investments accounted for using the equity method		(380)	(246)
(Gain) loss on sale and disposal of property, plant and equipment, intangible assets and investment property		477	(892)
(Increase) decrease in trade and other receivables		(13,032)	(14,056)
(Increase) decrease in inventories		(17,946)	7,300
Increase (decrease) in trade and other payables		(8,478)	(7,618)
Increase (decrease) in retirement benefit liabilities		2,283	(1,928)
(Increase) decrease in prepaid tobacco excise taxes		(32,989)	(30,821)
Increase (decrease) in tobacco excise taxes payable		54,984	71,549
Increase (decrease) in consumption taxes payable		(4,639)	(9,400)
Other		(76,579)	(39,578)
Subtotal		11,456	128,774
Interest and dividends received		2,075	1,464
Interest paid		(2,545)	(2,474)
Income taxes paid		(49,081)	(29,641)
Net cash flows from operating activities		(38,095)	98,124
Cash flows from investing activities			
Purchase of securities		(1,469)	(440)
Proceeds from sale and redemption of securities		3,567	417
Purchase of property, plant and equipment		(19,669)	(22,577)
Purchase of intangible assets		(3,877)	(5,547)
Payments into time deposits		(11,354)	(7,230)
Proceeds from withdrawal of time deposits		10,019	7,260
Other		1,291	1,697
Net cash flows from investing activities		(21,493)	(26,419)

(Millions of yen)

	Notes	Three months ended June 30, 2011	Three months ended June 30, 2012
Cash flows from financing activities			
Dividends paid to owners of the parent company	8	(37,663)	(56,601)
Dividends paid to non-controlling interests		(414)	(414)
Capital contribution from non-controlling interests		209	–
Increase (decrease) in short-term borrowings and commercial paper		6,259	(1,559)
Proceeds from long-term borrowings		–	532
Repayments of long-term borrowings		(7,789)	(81,214)
Redemption of bonds		(93,070)	(50)
Repayments of finance lease obligations		(1,387)	(1,195)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(394)	–
Net cash flows from financing activities		(134,247)	(140,501)
Net increase (decrease) in cash and cash equivalents		(193,835)	(68,796)
Cash and cash equivalents at the beginning of the period		244,240	404,740
Effect of exchange rate changes on cash and cash equivalents		1,843	4,756
Cash and cash equivalents at the end of the period	6	52,248	340,700

[Notes to Condensed Interim Consolidated Financial Statements]

1. Reporting Entity

The Company is a joint stock corporation under the Companies Act of Japan, pursuant to the Japan Tobacco Inc. Act, with its principal places of business located in Japan since its incorporation. The addresses of the Company's registered head office and principal business offices are available on the Company's website (http://www.jti.co.jp).

The condensed interim consolidated financial statements for the first quarter period ended June 30, 2012 of the Company and its subsidiaries (hereinafter referred to as the "Group") were approved on August 6, 2012 by Mitsuomi Koizumi, President and Chief Executive Officer, and Naohiro Minami, Chief Financial Officer.

2. Basis of Preparation

The Group's condensed interim consolidated financial statements, which satisfy all the requirements concerning the "Specified Company" prescribed in Item 2 of Paragraph 1 of Article 1-2 of the Ordinance on QCFS, are prepared in conformity with International Financial Reporting Standards pursuant to the provision of Article 93 of the same regulations.

The condensed interim consolidated financial statements are prepared in conformity with IAS 34. The condensed interim consolidated financial statements do not include all information which is required in the consolidated financial statements for the fiscal year and should be read along with the consolidated financial statements for the fiscal year ended March 31, 2012.

The fiscal year end date of JT International Holding B.V. (hereinafter referred to as "JTIH") and its subsidiaries (hereinafter collectively referred to as the "JTIH Group"), which operate the Group's international tobacco business, is December 31, hence the Group consolidates financial results of the JTIH Group for the period from January 1, 2012 to March 31, 2012 into the Group's consolidated financial results for this first quarter period.

Although there is a three month difference between the fiscal year end of the JTIH Group and that of the Company, with respect to significant transactions or events occurring during the time gap, the Group makes necessary adjustments and appropriate arrangements in order to assist the users of financial statements to properly understand and assess the consolidated financial position and results of operations of the Group.

3. Significant Accounting Policies

The significant accounting policies, which are adopted to prepare the condensed interim consolidated financial statements, are the same as accounting policies which were adopted to prepare the consolidated financial statements for the fiscal year ended March 31, 2012.

The Group computes the first quarter income taxes based on the estimated average annual effective tax rate.

4. Significant Accounting Estimates and Judgments

Preparation of condensed interim consolidated financial statements of the Group requires management estimates and assumptions in order to measure income, expenses, assets and liabilities, and disclose contingencies as of the first quarter end date. These estimates and assumptions are based on the best judgment of management in light as of the historical experience and various factors deemed to be reasonable as of the first quarter end date. Given their nature, actual results may differ from those estimates and assumptions.

The estimates and assumptions are continuously reviewed by management. The effects of a change in estimates and assumptions are recognized in the period of the change or the period of the change and future periods.

In principle, estimates and assumptions that may have a material effect on the amounts recognized in the condensed interim consolidated financial statements of the Group are the same as those for the fiscal year ended March 31, 2012.

5. Operating Segments

(1) Outline of Reportable Segments

The reportable segments of the Group are determined based on the operating segments that are components of the Group about which separate financial information is available and are evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Group is mainly engaged in the manufacture and sale of tobacco products, prescription drugs, and foods. With respect to tobacco products, operations are managed separately for domestic and overseas markets. The reportable segments of the Group are composed of four segments: "Domestic Tobacco Business," "International Tobacco Business," "Pharmaceutical Business," and "Food Business." They are determined by types of products, characteristics, and markets.

The "Domestic Tobacco Business" manufactures and sells tobacco products in domestic areas (which include duty-free shops in Japan and markets in China, Hong Kong, and Macau where the Company's China Division operates). The "International Tobacco Business" manufactures and sells tobacco products overseas mainly through JT International S.A., which controls manufacturing and sales operations. The "Pharmaceutical Business" consists of research and development, and the manufacture and sale of prescription drugs. The "Food Business" consists of the manufacture and sale of beverages, processed foods, and seasonings.

(2) Revenues and Performances for Reportable Segments

Revenues and performances for reportable segments are as follows. The Board of Directors assesses the segment performance and determines resource allocation after reviewing revenues and adjusted EBITDA. Since financial income, financial costs and income taxes are managed by the Group head office, these income and expenses are excluded from the segment performance. Transactions within the segments are based on mainly the prevailing market price.

For the three months ended June 30, 2011

(Millions of yen)

	Reportable Segments					Other (Note 3)	Elimination	Consolidated
	Domestic Tobacco	International Tobacco (Note 2)	Pharma-ceuticals	Food	Total			
Revenue								
External revenue (Note 4)	114,619	216,907	11,291	90,066	432,883	3,912	–	436,795
Intersegment revenue	7,219	5,878	–	13	13,110	2,336	(15,446)	–
Total revenue	121,838	222,784	11,291	90,079	445,994	6,248	(15,446)	436,795
Segment profit (loss)								
Adjusted EBITDA (Note 1)	36,736	74,192	(2,670)	5,845	114,103	223	(416)	113,910

For the three months ended June 30, 2012

(Millions of yen)

	Reportable Segments					Other (Note 3)	Elimination	Consolidated
	Domestic Tobacco	International Tobacco (Note 2)	Pharma-ceuticals	Food	Total			
Revenue								
External revenue (Note 4)	173,084	233,632	12,695	88,540	507,951	4,157	–	512,108
Intersegment revenue	7,331	7,688	–	36	15,054	2,335	(17,389)	–
Total revenue	180,415	241,319	12,695	88,575	523,005	6,492	(17,389)	512,108
Segment profit (loss)								
Adjusted EBITDA (Note 1)	76,611	79,984	(3,514)	4,434	157,514	(1,166)	(344)	156,004

Reconciliation from adjusted EBITDA to profit before income taxes

For the three months ended June 30, 2011

(Millions of yen)

	Reportable Segments					Other (Note 3)	Elimination	Consolidated
	Domestic Tobacco	International Tobacco (Note 2)	Pharma-ceuticals	Food	Total			
Adjusted EBITDA (Note 1)	36,736	74,192	(2,670)	5,845	114,103	223	(416)	113,910
Depreciation and amortization	(9,808)	(13,011)	(843)	(4,398)	(28,061)	(699)	80	(28,680)
Restructuring-related income (Note 5)	–	–	–	–	–	80	–	80
Restructuring-related costs (Note 5)	–	(8,761)	–	(76)	(8,837)	(32)	–	(8,869)
Operating profit (loss)	26,928	52,420	(3,513)	1,370	77,205	(428)	(336)	76,441
Financial income								1,554
Financial costs								(5,854)
Profit before income taxes								72,141

For the three months ended June 30, 2012

(Millions of yen)

	Reportable Segments					Other (Note 3)	Elimination	Consolidated
	Domestic Tobacco	International Tobacco (Note 2)	Pharma-ceuticals	Food	Total			
Adjusted EBITDA (Note 1)	76,611	79,984	(3,514)	4,434	157,514	(1,166)	(344)	156,004
Depreciation and amortization	(9,624)	(12,601)	(820)	(4,245)	(27,290)	(954)	78	(28,166)
Restructuring-related income (Note 5)	1,200	5	–	–	1,205	23	–	1,228
Restructuring-related costs (Note 5)	(4)	(258)	–	–	(262)	(207)	–	(469)
Operating profit (loss)	68,182	67,130	(4,334)	189	131,167	(2,304)	(266)	128,597
Financial income								1,085
Financial costs								(5,291)
Profit before income taxes								124,391

Notes: 1. For adjusted EBITDA, the depreciation and amortization, impairment losses on goodwill, and restructuring-related income and costs are excluded from operating profit (loss).

2. The foreign subsidiaries group, which includes a core company of JT International S.A., that is part of the "International Tobacco Business" segment has December 31 as its fiscal year end date and the profit or loss for the period from January 1 to March 31 is included in the three months ended June 30, 2011 and 2012, respectively.

3. "Other" includes business activities relating to rent of real estate and corporate expenses not allocated to the reportable segments, including corporate communication and operation of the head office.

4. Core revenue as part of the Domestic Tobacco Business and the International Tobacco Business are as follows:

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Domestic Tobacco	103,851	165,284
International Tobacco	201,424	216,705

5. "Restructuring-related income" includes restructuring income of gain on sale of real estates. "Restructuring-related costs" include restructuring costs of the closing down of the factory and cooperation fee for terminating leaf tobacco farming.

The breakdown of restructuring income is described in "10. Other Operating Income" and restructuring costs are described in "11. Selling, General and Administrative Expenses."

The breakdown of restructuring-related costs is as follows:

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Restructuring costs	8,869	465
Cooperation fee for terminating leaf tobacco farming	–	4
Restructuring-related costs	8,869	469

Restructuring costs for the three months ended June 30, 2011 include cost of the closing down of Hainburg factory in the International Tobacco Business.

Restructuring costs for the three months ended June 30, 2012 include expenses related to payment of special termination benefits in International Tobacco Business.

6. Cash and Cash Equivalents

Included in "Cash and Cash Equivalents" as of June 30, 2012 is ¥14,211 million (Note) (IRR 2,119.8 billion) held by the Group's Iranian subsidiary, JTI Pars PJS Co.. Due to international sanctions and other factors imposed on Iran, the subsidiary's ability to remit funds outside of Iran is restricted.

Note: Translated at the official exchange rate as published by the Central Bank of Iran.
Due to international sanctions and other factors, significant disparity has arisen between the official exchange rates and rates offered by foreign exchange offices.

7. Property, Plant and Equipment, Goodwill and Intangible Assets

The schedules of the carrying amount of “Property, plant and equipment,” “Goodwill” and “Intangible assets” are as follows:

(Millions of yen)

Carrying Amount	Property, plant and equipment	Goodwill	Intangible assets
As of April 1, 2012	619,536	1,110,046	306,448
Individual acquisition	19,600	–	4,929
Capitalization of borrowing costs	15	–	–
Transfer to investment property	(4)	–	–
Transfer to non-current assets held-for-sale	(1)	–	–
Depreciation or amortization	(19,255)	–	(8,237)
Impairment losses	(159)	–	(3)
Sale or disposal	(960)	–	(26)
Exchange differences on translation of foreign operations	21,456	111,812	24,159
Other	1,672	–	629
As of June 30, 2012	641,900	1,221,858	327,899

8. Dividends

Dividends paid are as follows:

For the three months ended June 30, 2011

(Resolution)	Class of shares	Total dividends (millions of yen)	Dividends per share (Yen)	Basis date	Effective date
Annual Shareholders Meeting (June 24, 2011)	Ordinary shares	38,086	4,000	March 31, 2011	June 27, 2011

For the three months ended June 30, 2012

(Resolution)	Class of shares	Total dividends (millions of yen)	Dividends per share (Yen)	Basis date	Effective date
Annual Shareholders Meeting (June 22, 2012)	Ordinary shares	57,129	6,000	March 31, 2012	June 25, 2012

Dividends per share mentioned above does not reflect the effect of the share split conducted at a ratio of 200 shares to one share with June 30, 2012 as basis date and July 1, 2012 as effective date.

Assuming the share split coming into effect at the beginning of the year ended March 31, 2011 (April 1, 2010), dividends per share resolved at the Annual Shareholders Meeting on June 24, 2011 and June 22, 2012 would have been ¥20 and ¥30, respectively.

9. Revenue

The reconciliation from "Gross turnover" to "Revenue" is as follows:

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Gross turnover	1,521,322	1,622,191
Tobacco excise taxes and agency transaction amount	(1,084,526)	(1,110,082)
Revenue	436,795	512,108

10. Other Operating Income

The breakdown of "Other operating income" is as follows:

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Gain on sale of property, plant and equipment, intangible assets and investment property (Note 1)	237	1,646
Other (Note 1)	1,814	1,380
Total	2,052	3,027

Note: 1. The amount of restructuring income included in each account is as follows:

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Gain on sale of property, plant and equipment, intangible assets and investment property	80	1,223
Other	–	5
Total	80	1,228

11. Selling, General and Administrative Expenses

The breakdown of “Selling, general and administrative expenses” is as follows:

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Advertising expenses	3,636	3,818
Promotion expenses	23,560	27,545
Shipping, warehousing expenses	7,304	6,840
Commission	8,777	9,474
Employee benefits expenses(Note 1)	61,584	61,611
Research and development expenses	12,328	13,346
Depreciation and amortization	14,515	14,307
Impairment losses on other than financial assets (Note 1)	3,438	168
Loss on sale and disposal of property, plant and equipment, intangible assets and investment property (Note 1)	1,043	1,198
Other	31,377	31,663
Total	167,561	169,972

Note: 1. The amount of restructuring costs included in each account is as follows:

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Employee benefits expenses	5,666	164
Impairment losses on other than financial assets	3,179	168
Loss on sale and disposal of property, plant and equipment, intangible assets and investment property	24	132
Total	8,869	465

12. Financial Income and Financial Costs

The breakdown of “Financial income” and “Financial costs” is as follows:

(Millions of yen)

Financial Income	Three months ended June 30, 2011	Three months ended June 30, 2012
Dividend income	353	318
Interest income	449	631
Foreign exchange gain	749	–
Other	3	136
Total	1,554	1,085

(Millions of yen)

Financial Costs	Three months ended June 30, 2011	Three months ended June 30, 2012
Interest expenses	4,298	2,689
Foreign exchange loss	–	535
Employee benefits expenses	1,381	1,437
Other	176	629
Total	5,854	5,291

13. Interim Earnings per Share

(1) Basis of Calculating Basic Interim Earnings per Share

a. Profit Attributable to Ordinary Shareholders of the Parent Company

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Profit for the period attributable to owners of the parent company	46,126	84,521
Profit not attributable to ordinary shareholders of the parent company	–	–
Profit for the period used for calculation of basic interim earnings per share	46,126	84,521

b. Weighted-Average Number of Ordinary Shares Outstanding During the Period

(Thousands of shares)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Weighted-average number of shares during the period	1,904,295	1,904,295

(2) Basis of Calculating Diluted Interim Earnings per Share

a. Profit Attributable to Ordinary Shareholders (Diluted)

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Profit for the period used for calculation of basic interim earnings per share	46,126	84,521
Adjustment	–	–
Profit for the period used for calculation of diluted interim earnings per share	46,126	84,521

b. Weighted-Average Number of Diluted Ordinary Shares Outstanding During the Period

(Thousands of shares)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Weighted-average number of ordinary shares during the period	1,904,295	1,904,295
Increased number of ordinary shares under subscription rights to share	616	824
Weighted-average number of diluted ordinary shares during the period	1,904,911	1,905,119

Weighted-average number of ordinary shares during the period and weighted-average number of diluted ordinary shares during the period reflect the effect of the share split conducted at a ratio of 200 shares to one share with June 30, 2012 as basis date and July 1, 2012 as the effective date.

14. Commitments

Commitments for the acquisition of assets after the first quarter end date are as follows:

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Acquisition of property, plant and equipment	32,541	46,345

15. Contingencies

As of the first quarter end date, there are no significant changes to the matters described in the consolidated financial statements for the fiscal year ended March 31, 2012.

16. Subsequent Events

No items to report.

2. Other

No items to report

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

No items to report

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

August 6, 2012

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 condensed interim consolidated financial statements included in the Accounting Section, namely, the condensed interim consolidated statement of financial position of Japan Tobacco Inc. (the "Company") and its consolidated subsidiaries as of June 30, 2012 and the related condensed interim consolidated statements of income, and comprehensive income, changes in equity and cash flows for the three-month period then ended, and the related notes.

Management's Responsibility for the Condensed Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in conformity with International Accounting Standard 34 "Interim Financial Reporting" under the provision of Article 93 of the Ordiance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements, and for such internal control as management determines is necessary to enable the preparation of condensed interim 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 condensed interim consolidated financial statements based on our review. We conducted our review in conformity 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 conformity 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 condensed interim consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of June 30, 2012, and the consolidated results of their operations and their cash flows for the three-month period then ended in conformity with International Accounting Standard 34 “Interim Financial Reporting.”

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.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.