[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.]

February 9, 2009

Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2009

Name of the Listed Company: **Japan Tobacco Inc.** (Stock Code: 2914)
Listed Stock Exchanges: Tokyo, Osaka, Nagoya, Sapporo and Fukuoka Stock Exchanges
URL: http://www.jti.co.jp/
Representative: Hiroshi Kimura, President, Chief Executive Officer and Representative Director
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Scheduled date to file Quarterly Report: February 13, 2009

(Millions of yen with fractional amounts discarded, unless otherwise noted.)

1. Consolidated financial results for the nine months of the fiscal year ending March 31, 2009 (from April 1, 2008 to December 31, 2008)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2008	5,346,145	-	329,654	-	269,024	-	131,454	-
December 31, 2007	4,704,275	29.3	366,769	34.1	327,100	18.5	220,319	13.9

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2008	13,721.65	13,720.79
December 31, 2007	22,997.70	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2008	4,530,167	1,854,269	39.3	185,810.09
March 31, 2008	5,087,214	2,154,629	40.8	216,707.27

Reference: Equity:
As of December 31, 2008: 1,780,075 million yen; As of March 31, 2008: 2,076,072 million yen

2. Cash dividends

	Cash dividends per share				
Record date	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2008	-	2,200.00	-	2,600.00	4,800.00
Year ending March 31, 2009	-	2,600.00	-		
Year ending March 31, 2009 (Forecast)				2,600.00	5,200.00

Note: Revision of the forecasts in the current quarter: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2009 (from April 1, 2008 to March 31, 2009)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2009	6,830,000	6.6	355,000	(17.5)	302,000	(16.7)	138,000	(42.2)	14,404.89

Notes: Revision of the forecasts in the current quarter: Applicable

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Application of simplified accounting and special accounting for preparing the quarterly consolidated financial statements: Applicable

Note: For more details, please refer to the section of "(2) Application of simplified accounting and special accounting for preparing the quarterly consolidated financial statements" of "4. Others" on page 8.

(3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section of "Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements")

a. Changes due to revisions to accounting standards and other regulations: Applicable

b. Changes due to other reasons: Applicable

Note: For more details, please refer to the section of "(3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements" of "4. Others" on page 8-9.

(4) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2008	10,000,000 shares
As of March 31, 2008	10,000,000 shares

b. Number of treasury shares at the end of the period

As of December 31, 2008	419,920 shares
As of March 31, 2008	419,920 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2008	9,580,080 shares
Nine months ended December 31, 2007	9,580,080 shares

* Proper use of earnings forecasts, and other special matters

1. The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to "Caution concerning forward-looking statements" on page 9 and in the "Attached Materials of the Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2009" for the suppositions that form the assumptions for business results and cautions concerning the use of business results forecasts.
2. Commencing with the current fiscal year, quarterly consolidated financial statements conform to the "Accounting Standard for Quarterly Financial Reporting" (ASBJ [Accounting Standards Board of Japan] Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). They are also prepared in accordance with the

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Financial Results

a. General summary

Operation during the nine months (April 1, 2008 to December 31, 2008)

The global economy during the first nine months of the fiscal year ending March 31, 2009, was marked by economic deterioration in not only the U.S. and Europe, but also Asia. Although crude oil prices reversed course and began falling in the latter half of the fiscal year, a global financial crisis continued to deepen and there were massive fluctuations of exchange rates. The Japanese economy was also impacted by the global economic deterioration and it entered a trend of recession characterized by drastic drops in corporate earnings and rapid deterioration of the employment situation.

Under “JT2008,” the medium-term management plan formulated in May 2006, the JT Group acquired Gallaher Group Plc in April 2007, and the Katokichi Group in January 2008, and expanded the business foundation. The respective business integrations are advancing with speed and steadiness and the JT Group is now proceeding to implement various measures linked to further future growth.

The settlement date of the third quarter reporting period of the consolidated subsidiaries allocated to the international tobacco business segment is September 30, and their financial results used for the consolidated third quarter results are for the nine months from January 1 to September 30. Accordingly, the previous consolidated third quarter results of Gallaher, whose acquisition was completed in April 18, 2007, included the results only from April 18, 2007 to September 30, 2007.

* The year-on-year percentage changes in the qualitative information section are provided as information for reference purposes.

Net sales

Net sales increased by ¥641.8 billion, or 13.6%, year on year to ¥5.3461 trillion. In the domestic tobacco business, the sales volume declined as a result of a decline in overall demand and in the international tobacco business, although there was a negative impact on sales from yen-related currency exchange rates when consolidating overseas subsidiaries, the sales volume increased. Also contributing to this figure, were the first-time full-year operating results of Gallaher and the consolidation of the Katokichi Group in the foods business.

(billions of yen)

	Nine months of fiscal year ended March 2008	Nine months of fiscal year ending March 2009	Year on year change (billions of yen; %)	
Consolidated	4,704.2	5,346.1	641.8	13.6
Domestic tobacco business	2,594.8	2,478.1	(116.6)	(4.5)
International tobacco business	1,825.3	2,456.9	631.5	34.6
Pharmaceutical business	39.7	48.1	8.3	21.0
Foods business	227.7	347.7	120.0	52.7
Other business	16.5	15.1	(1.4)	(8.4)

* Net sales figures represent external net sales.

Operating income

Operating income fell ¥37.1 billion, or 10.1%, year on year to ¥329.6 billion. Major factors were the start of amortization of goodwill for the international tobacco business accompanying changes in accounting standards and an increase in sales promotion expenses for domestic tobacco business.

(billions of yen)

	Nine months of fiscal year ended March 2008	Nine months of fiscal year ending March 2009	Year on year change (billions of yen; %)	
Consolidated	366.7	329.6	(37.1)	(10.1)
Domestic tobacco business	182.1	152.2	(29.9)	(16.4)
International tobacco business	174.0	170.5	(3.5)	(2.0)
Pharmaceutical business	(4.3)	5.8	10.1	-
Foods business	5.6	(7.8)	(13.4)	-
Other business	8.8	7.3	(1.5)	(17.3)
Elimination/corporate	0.3	1.5		

Ordinary income

Ordinary income fell ¥58.0 billion, or 17.8% year-on-year to ¥269.0 billion. Major factors, aside from the fall in operating income, were foreign exchange losses on the term-end valuation of euro-denominated bonds of consolidated subsidiaries and an increase in interest expenses accompanying the consolidation of Gallaher.

Net income

Income before income taxes and minority interests fell ¥102.1 billion, or 29.8%, year on year to ¥240.4 billion. Major factors were losses resulting from rationalization costs accompanying changes in business structures in the domestic and international tobacco businesses, the cost of demolishing abandoned company residential buildings, and a loss on business liquidation recorded in advance of a retreat from the chilled processed foods business. Net income fell ¥88.8 billion, or 40.3%, to ¥131.4 billion. A major factor was the effect of amortization of goodwill that was outside the scope of tax liability computations.

b. Review of operations by business segment

Domestic tobacco business

The domestic tobacco business is positioned as the core source of profits for the JT Group. The domestic tobacco business faces an increasingly tough business environment as total tobacco demand in Japan continues to decline and competition with other tobacco manufacturers intensifies. In an effort to achieve top-line growth, we have been striving to refresh and enhance existing brands as necessary and introduce new products in an effective manner. Moreover, we are making unceasing efforts to improve our productivity. The introduction of age verifying cigarette vending machines, which the JT Group promoted together with various bodies in the industry, was commenced with a gradual region-by-region phase-in that started in March 2008. In July, the machines were operating nationwide.

During the nine months, we endeavored to enhance the value of our brands by introducing new products mainly in the Mild Seven family, which is our core brand, as well as by strengthening existing brands. These endeavors included active sales promotion activities such as continuation of the Mild Seven campaign that has been in operation since the previous fiscal year. Moreover, “Mild Seven Impact One 100’s Box,” which was being gradually released, region by region, was launched nationwide in July 2008, and “Seven Stars Lights Menthol,” which was released in limited regions, was released nationwide in August. Also “Pianissimo Fram Menthol One,” a “D-spec” product developed using our odor reduction technology, which suppresses the odor from the tip of the cigarette, and “Salem Alaska Menthol” were released nationwide in October and December, respectively. In addition, in November, we changed the design and name of some products in the Seven Stars family and added the name “Aqua Menthol” to two menthol products in the Mild Seven family and changed their design.

In early February, “Seven Stars Black Impact” is scheduled for nationwide release. Also, February marks the 40th anniversary since the first release of Seven Stars, and efforts will focus on further boosting this brand's value by implementing campaigns and other measures.

The volume of our domestic tobacco business's cigarette sales in the nine months decreased by 5.8 billion cigarettes, or 4.5%, year on year to 123.6 billion cigarettes (note) due to an overall decline in demand. However, our market share rose to 65.0%, or 0.1 point, and net sales (excluding excise tax) per 1,000 cigarettes was ¥4,057 thanks to active sales promotion campaigns and the introduction of new products.

Consequently, net sales for our domestic tobacco business in the nine months declined by ¥116.6 billion, or 4.5%, year on year to ¥2.4781 trillion and operating income fell by ¥29.9 billion, or 16.4%, to ¥152.2 billion, depressed by an increase in sales promotion expenses.

Note: In addition to the figure stated above, during the nine months, the domestic tobacco business also sold 3.1 billion cigarettes at duty-free shops in Japan as well as those in China, Hong Kong and Macau, markets that are under the control of our China Division.

International tobacco business

The international tobacco business is further expanding its role as the profit growth engine for the JT Group through top-line (revenue) growth. Through our business integration with Gallaher, we seek to gain both top-line synergy and cost saving synergy.

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). We are actively exploring opportunities for top-line growth based on the strength of the GFB.

The volume of our international tobacco business's cigarette sales in the nine months increased by 68.9 billion cigarettes, or 25.2%, year on year to 342.9 billion cigarettes. This was due to Winston's steady sales growth in Russia, Ukraine, Turkey and Spain; Camel's sales growth in Italy, Russia and Spain; and Mild Seven's growth in Korea, Taiwan, Russia and Malaysia. The sales volume of the GFB was 185.5 billion cigarettes.

Consequently, net sales for our international tobacco business in the nine months increased by ¥631.5 billion, or 34.6%, year on year to ¥2.4569 trillion due to the increase in sales volume and the first-time full-year operating results of Gallaher. Operating income fell by ¥3.5 billion, or 2.0%, to ¥170.5 billion, depressed by the reporting of amortization of goodwill.

* The foreign exchange rate in the nine months was ¥105.84 per U.S. dollar, compared with ¥119.41 per U.S. dollar in the corresponding period of the previous fiscal year.

Pharmaceutical business

The pharmaceutical business, working towards the early expansion of its business value and aiming to become a future business pillar of the JT Group, is steadily advancing the development of compounds currently in the R&D pipeline while expanding and enhancing pipeline itself.

Although we abandoned the development of anti-obesity compound JTT-553, anti-Hepatitis C compound JTK-652, and JTT-552, a compound for lowering serum urate levels, the anti-HIV compound JTK-656 has advanced to the clinical trial stage, bringing the number of compounds developed in-house that are under clinical development to 9.

Also, we continue to strategically explore opportunities to acquire, or give others, rights to drugs. In September 2008, we concluded a license agreement concerning JTT-305, an oral calcium sensing receptor (CaSR) antagonist, which we have been developing, to give Merck (U.S.) the rights to independently develop and commercialize this compound worldwide, with the exception of Japan.

Regarding the business performance by our subsidiary Torii Pharmaceutical Co., the company enjoyed growth in sales for Truvada, an anti-HIV drug, Dovonex Ointment, used for the treatment of psoriasis vulgaris, ZEFNART SOLUTION 2%, an antifungal agent for external use, and the topical adrenocortical hormone Antebate. However, the company suffered an overall decline in sales due to the termination in March 2008 of sales of the Stronger Neo-Minophagen C agent for treatment of liver and allergic diseases, and the decline in sales of Futhan for injection use, a protease inhibitor, due to the effects of the drug price revision and promotion measures for use of generic-brand drugs that came into effect in April 2008.

Consequently, despite the decline in sales from Torii Pharmaceutical, net sales for our pharmaceuticals business rose ¥8.3 billion, or 21.0%, year on year to ¥48.1 billion and operating income was ¥5.8 billion, compared with an operating loss of ¥4.3 billion in the same period of the previous year. Contributing to this were the lump-sum revenue of licensing out JTT-305, an oral calcium sensing receptor (CaSR) antagonist, and the milestone revenue related to the progress made in the development of anti-dyslipidemia agent JTT-705, licensed to Roche in October 2004.

Foods business

We have positioned the foods business as a business pillar of the JT Group, devoting efforts to three areas: beverages, processed foods and seasonings. We have been striving to establish a safety control system of the highest standard. We have also been endeavoring to establish a strong business foundation as an integrated foods manufacturer.

In the beverage sector, we have steadily expanded our vending machine sales channels, mainly through Japan Beverage Inc., a JT Group company, and actively launched new products developed for the purpose of achieving differentiation from competitors, focusing mainly on the flagship Roots brand.

In the processed foods sector, sales of frozen food products slumped due the impact of the pesticide contamination cases and other factors. The JT Group is pressing forward with group-wide efforts to ensure thoroughness and enhancement of safety control systems, and striving to regain the trust of our customers through efforts such as: implementing pesticide screening of imported frozen foods at inspection centers located in Japan and China; taking a proactive stance towards providing detailed ingredient information on labeling; engaging outside specialists as advisors to the JT Group; and actively working to establish greater food safety.

In the seasonings sector we have been further strengthening the business foundation. In addition to efforts to develop, and expand the sales channels of, natural seasonings such as high-value yeast extract products, based on our in-house technology, we are also utilizing the synergistic benefits of sharing business resources with Fuji Foods Corporation, which we turned into a subsidiary in April 2008, in the areas of raw material procurement, manufacturing and sales.

Also, in July 2008, we executed a reorganization of the processed foods sector and the seasonings sector, assigning operational control to subsidiary Katokichi Ltd. We are proceeding to focus the resources of, and integrate, the various functions of processed foods and seasonings including quality control, R&D, procurement and sales. In addition we are implementing the measures that are necessary for us to commit to core fields, and through such measures, we are striving to establish a stronger business foundation as a foods manufacturer.

Consequently, net sales for our foods business rose ¥120.0 billion, or 52.7%, year on year to ¥347.7 billion due to the consolidation of the Katokichi Group and other factors despite declines in sales from the processed food sector, as a result of the impact of the pesticide contamination cases, among others, and from the beverages sector, on account of seasonal weather factors and intensification of competition, and despite, also, the impact of sluggish consumption accompanying the sudden economic recession that we are in. Concerning profits, however, the foods business had an ordinary loss of ¥7.8 billion, compared with an ordinary income of 5.6 billion in the same period of the previous year, because of the soaring prices of raw materials and the impact of amortization of goodwill that accompanied the consolidation of the Katokichi Group.

Other Business

Net sales for our other business operations fell by ¥1.4 billion, or 8.4%, year on year to ¥15.1 billion and ordinary income fell 1.5 billion, or 17.3%, to ¥7.3 billion.

2. Qualitative Information regarding Consolidated Financial Position

Net cash and cash equivalents (cash) provided during the nine months of the fiscal year ending March 31, 2009, increased ¥42.0 billion since the end of the previous fiscal year to ¥257.0 billion. (Net cash at the end of the nine-month period of the previous year was ¥259.9 billion.)

Cash provided by operating activities

Cash provided by operating activities during the nine months was ¥358.7 billion, compared with ¥207.6 billion provided in the same period of the previous year. The main factors were the following. In addition to the tobacco businesses providing a stable flow of cash, there was a temporary impact from a year-on-year-lower monthly equivalent amount of tobacco excise tax paid in the nine months for the domestic tobacco business due to the impact of holidays of the financial institutions.

Cash used in investing activities

Cash used in investing activities during the nine months was ¥31.6 billion, compared with ¥1.5811 trillion used in the same period of the previous year. The main factors were the additional acquisition of shares of Katokichi Ltd. and the acquisition of shares of Fuji Foods Corporation.

Cash used in financing activities

Cash used in financing activities during the nine months was ¥260.5 billion, compared with ¥420.2 billion provided in the same period of the previous year. The main factors were the payment of cash dividends and the cash used at overseas subsidiaries for redemption of bonds and repayment of loans payable.

3. Qualitative Information Regarding Consolidated Earnings Forecasts

Concerning the forecast for net sales, despite the fact that we have upwardly revised our forecasted sales volume of cigarettes in the domestic tobacco business by 1.0 billion cigarettes, we have downwardly revised our net sales forecast by ¥40.0 billion because consolidated subsidiaries related to the chilled processed foods shall no longer be part of the scope of consolidation after we retreat from the chilled processed foods sector in the foods business, and we have forecasted a drop in sales accompanying a worsening of the impact of sluggish consumption.

Concerning operating income and ordinary income, however, we have upwardly revised our operating income forecast by ¥7.0 billion due to growth of the GFB sales volume in the international tobacco business, among others, and upwardly revised the ordinary income forecast by ¥12.0 billion due to a fall in the loss from foreign currency translation adjustments.

Forecasted net income has been downwardly revised by ¥22.0 billion after factoring in the recording of business restructuring costs and tax expenses arising from the reversal of deferred tax assets at consolidated subsidiaries.

Consolidated earnings forecasts for the fiscal year ending March 31, 2009 is as follows.

(billions of yen)

	Previous forecast (Released on Oct. 30, 2008)	Current forecast	Increase (decrease) from previous forecast
Net sales	6,870.0	6,830.0	(40.0)
Operating income	348.0	355.0	7.0
Ordinary income	290.0	302.0	12.0
Net income	160.0	138.0	(22.0)

* Principal conditions forming basis of assumption

Domestic tobacco business

	Previous forecast	Current forecast
Sales volume	159.0 billion cigarettes	160.0 billion cigarettes

International tobacco business

	Previous forecast	Current forecast (Jan. to Dec. 2008 results)
Sales volume	452.0 billion cigarettes	452.3 billion cigarettes
Exchange rate (U.S. dollar)	¥103.00	¥103.48

Note: The above figures are based on judgments, evaluations, factual understandings, policy formulations and other factors made in accordance with information currently available to the management. They are also based upon certain assumptions required to formulate forward-looking statements as well as information already confirmed to be factual. Actual figures may differ from those forecasted, depending on uncertainties inherent in such forecasts, as well as possible changes in the Company’s operations and economic environment, including domestic and foreign stock markets. Please refer to the “Caution concerning forward-looking statements” below before using the information provided in our forward-looking statements.

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Application of simplified accounting and special accounting for preparing the quarterly consolidated financial statements

Tax expenses are computed by: using rational means to obtain an estimate of the effective tax rate after tax effect accounting has been applied to income before income taxes and minority interests of the consolidated fiscal year of the nine months under review; and then by multiplying income before income taxes and minority interests by the aforesaid estimated effective tax rate.

(3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements (changes in matters regarding accounting standards)

a. Application of accounting standards regarding quarterly financial statements

Commencing with the current fiscal year, the quarterly financial statements conform to the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). They are also prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

b. Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Commencing with the current fiscal year, the accounting of foreign subsidiaries shall conform to the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Solution No. 18, May 17, 2006) and necessary adjustments for preparing the consolidated financial statements were made.

Accordingly, goodwill recorded at foreign subsidiaries was amortized, ¥71,980 million has been deducted from each of operating income, ordinary income and income before income taxes and minority interests, and ¥193,658 million has been deducted from the surplus at the beginning of the fiscal year, and ¥932 million was deducted from income before income taxes and minority interests due to changes in accounting policy at foreign subsidiaries accompanying changes in U.S. GAAP resulting in recording retroactive adjustments of the financial statements as profit or loss.

The impact on business-segment specific information is reflected in the respective sections.

(Additional information)

Changes in useful life of property, plant and equipment

Japan Tobacco and its domestic consolidated subsidiaries, as a result of a reassessment of the state of use of assets that was conducted to coincide with the 2008 revision of the Corporation Tax Law, have changed, as of the current fiscal year, the length of years constituting useful life for property, plant and equipment. The useful life of the main machinery equipment of tobacco manufacturing equipment has been changed from 8 years to 10 years.

The impact of this adjustment on financial statements is slight.

* In addition to the information provided above, reference information regarding settlement of accounts and earnings forecasts is provided in the separate document “Overview of Consolidated Financial Results for Q3 FY 03-2009 and Full-term Forecasts for FY 03-2009.”

(Caution concerning forward-looking statements)

This material contains forward-looking statements about our industry, business, plans and objectives financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements reflect future expectations, identify strategies, discuss market trends, contain projections of operational results and financial conditions, and state other forward-looking information.

These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based. Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward looking statement include, without limitation:

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

5. Consolidated financial statements
(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008 (Summary)
Assets		
Current assets		
Cash and deposits	161,745	213,885
Notes and accounts receivable-trade	365,851	325,075
Short-term investment securities	29,191	4,952
Merchandise	43,925	36,539
Finished goods	94,803	102,330
Semi-finished goods	108,623	120,527
Raw materials	215,149	206,725
Work in process	6,698	7,938
Other	337,656	221,223
Allowance for doubtful accounts	(3,441)	(4,504)
Total current assets	1,360,204	1,234,695
Noncurrent assets		
Property, plant and equipment	705,708	763,332
Intangible assets		
Goodwill	1,668,892	2,106,887
Right of trademark	479,836	613,496
Other	32,927	39,023
Total intangible assets	2,181,657	2,759,407
Investments and other assets		
Investment securities	103,950	132,173
Other	215,889	227,861
Allowance for doubtful accounts	(37,243)	(30,075)
Allowance for investment valuation	-	(180)
Total investments and other assets	282,596	329,778
Total noncurrent assets	3,169,963	3,852,518
Total assets	4,530,167	5,087,214

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008 (Summary)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	181,090	175,369
Short-term loans payable	105,106	269,034
Current portion of bonds	216,677	73,054
Current portion of long-term loans payable	15,466	6,668
National tobacco excise tax payable	289,860	200,875
National tobacco special excise tax payable	21,778	10,898
Local tobacco excise tax payable	178,502	88,839
Income taxes payable	38,602	71,693
Provision	28,023	41,481
Other	275,734	346,480
Total current liabilities	1,350,844	1,284,396
Noncurrent liabilities		
Bonds payable	392,202	643,631
Long-term loans payable	353,916	396,907
Provision for retirement benefits	267,687	283,387
Other provision	730	1,000
Other	310,515	323,261
Total noncurrent liabilities	1,325,054	1,648,188
Total liabilities	2,675,898	2,932,584
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	736,400	736,400
Retained earnings	1,233,054	1,344,490
Treasury stock	(74,578)	(74,578)
Total shareholders' equity	1,994,876	2,106,311
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,954	21,338
Deferred gains or losses on hedges	172	219
Pension liability adjustment of foreign consolidated subsidiaries	(7,991)	(10,711)
Foreign currency translation adjustment	(218,937)	(41,085)
Total valuation and translation adjustments	(214,800)	(30,238)
Subscription rights to shares	325	185
Minority interests	73,867	78,370
Total net assets	1,854,269	2,154,629
Total liabilities and net assets	4,530,167	5,087,214

(2) Consolidated statement of income

(Millions of yen)

	Nine months ended December 31, 2008
Net sales	5,346,145
Cost of sales	4,332,945
Gross profit	1,013,200
Selling, general and administrative expenses	683,545
Operating income	329,654
Non-operating income	
Interest income	5,379
Dividends income	1,993
Other	9,397
Total non-operating income	16,769
Non-operating expenses	
Interest expenses	37,940
Foreign exchange losses	31,877
Financial support for domestic leaf tobacco growers	764
Other	6,816
Total non-operating expenses	77,398
Ordinary income	269,024
Extraordinary income	
Gain on sales of noncurrent assets	40,158
Other	1,627
Total extraordinary income	41,785
Extraordinary loss	
Loss on sales of noncurrent assets	2,031
Loss on retirement of noncurrent assets	7,849
Impairment loss	11,705
Business restructuring costs	19,456
Other	29,349
Total extraordinary losses	70,392
Income before income taxes and minority interests	240,417
Income taxes	104,511
Minority interests in income	4,451
Net income	131,454

(3) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2008
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	240,417
Depreciation and amortization	131,227
Impairment loss	11,705
Loss (gain) on sales and retirement of noncurrent assets	(36,597)
Amortization of goodwill	80,436
Increase (decrease) in provision for retirement benefits	(7,741)
Interest and dividends income	(7,372)
Interest expenses	37,940
Decrease (increase) in notes and accounts receivable-trade	(72,859)
Decrease (increase) in inventories	(70,022)
Increase (decrease) in notes and accounts payable-trade	15,275
Increase (decrease) in accounts payable-other	(7,686)
Increase (decrease) in tobacco excise taxes payable	214,605
Other, net	(24,215)
Subtotal	505,114
Interest and dividends income received	10,557
Interest expenses paid	(47,499)
Income taxes paid	(109,449)
Net cash provided by (used in) operating activities	358,722
Net cash provided by (used in) investment activities	
Purchase of short-term investment securities	(1,391)
Proceeds from sales and redemption of securities	1,911
Purchase of property, plant and equipment	(74,680)
Proceeds from sales of property, plant and equipment	46,939
Purchase of intangible assets	(3,707)
Proceeds from sales and redemption of investment securities	2,873
Purchase of investments in subsidiaries	(7,645)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,060)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	460
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(107)
Other, net	6,772
Net cash provided by (used in) investment activities	(31,636)

(Millions of yen)

	Nine months ended December 31, 2008
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(150,826)
Proceeds from long-term loans payable	24,532
Repayment of long-term loans payable	(17,925)
Redemption of bonds	(62,019)
Cash dividends paid	(49,717)
Cash dividends paid to minority shareholders	(3,207)
Other, net	(1,376)
Net cash provided by (used in) financing activities	(260,538)
Effect of exchange rate change on cash and cash equivalents	(23,511)
Net increase (decrease) in cash and cash equivalents	43,036
Cash and cash equivalents at beginning of period	215,008
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(953)
Cash and cash equivalents at end of period	257,091

Commencing with the current fiscal year, quarterly consolidated financial statements conform to the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). They are also prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements."

(4) Notes on premise of going concern

No items to report.

(5) Segment information

[Operations by industry segment]
Nine months ended December 31, 2008 (From April 1, 2008 to December 31, 2008)

(Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
Net sales								
(1) Sales to customers	2,478,158	2,456,903	48,128	347,765	15,190	5,346,145	-	5,346,145
(2) Intersegment sales or transfers	34,989	30,748	-	105	9,837	75,681	(75,681)	-
Total	2,513,147	2,487,651	48,128	347,871	25,027	5,421,827	(75,681)	5,346,145
Operating income (loss)	152,254	170,527	5,806	(7,814)	7,321	328,095	1,559	329,654

Notes: 1. Operations by industry segment are categorized based on types of products, characteristics and markets.

2. Main products or services under each category are as follows:
   - a. Domestic tobacco: Tobacco products (These include tobacco products sold at duty-free shops in Japan, as well as at markets in China, Hong Kong and Macao, which are covered by the China Division.)
   - b. International tobacco: Tobacco products elsewhere
   - c. Pharmaceuticals: Prescription drugs
   - d. Foods: Beverages and processed foods
   - e. Others: Rent of real estate, leasing, engineering and others

3. The following tables show depreciation and amortization and amortization of goodwill amounts by industry segment which are included in operating expenses for the nine months ended December 31, 2008.

Depreciation and amortization (Property, plant and equipment / Intangible assets other than goodwill / Long-term prepaid expenses) (Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
Nine months ended December 31, 2008	60,155	54,837	2,767	5,931	7,997	131,688	(461)	131,227

Amortization of goodwill (Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Consolidated total
Nine months ended December 31, 2008	816	71,980	-	7,672	-	80,468

4. The domestic tobacco segment includes the sales by TS Network Co., Ltd., JT's consolidated subsidiary. TS Network Co., Ltd. distributes domestic tobacco products and sells imported tobacco products by wholesale. Net sales of imported tobacco products via TS Network Co., Ltd. for the nine months ended December 31, 2008 were 879,362 million yen.
5. With respect to the international tobacco segment, as the closing date of the accounting period of international consolidated subsidiaries is set on December 31, operating results from January 1, 2008 to September 30, 2008 have been included in the nine months ended December 31, 2008.
6. Changes in accounting methods
   (Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements)
   As described in (3) of "4. Others," the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF Practical Solution No. 18, May 17, 2006) is applied from the first quarter of this fiscal year. As a result of this change, the operating income for the international tobacco segment for the nine months ended December 31, 2008 decreased by 71,980 million yen as compared to the case where the previous method was adopted.

(6) Notes on significant changes in the amount of shareholders' equity

No items to report.

(Reference)

Consolidated financial statements for the nine months ended December 31, 2007 (From April 1, 2007 to December 31, 2007)

(1) (Summary) Consolidated statement of income

(Millions of yen)

	Nine months ended December 31, 2007
Net sales	4,704,275
Costs of sales	3,821,389
Gross profit	882,886
Selling, general and administrative expenses	516,116
Operating income	366,769
Non-operating income	19,040
Interest income	10,314
Dividends income	1,878
Other	6,847
Non-operating expenses	58,709
Interest expenses	29,976
Foreign exchange losses	16,306
Financial support for domestic leaf tobacco growers	2,008
Periodic mutual assistance association cost	1,749
Other	8,667
Ordinary income	327,100
Extraordinary income	39,346
Gain on sales of noncurrent assets	38,497
Other	849
Extraordinary loss	23,841
Loss on sales of noncurrent assets	2,345
Loss on retirement of noncurrent assets	4,271
Impairment loss	2,204
Loss on valuation of investment securities	6,935
Introduction costs for vending machines with adult identification functions	6,734
Other	1,349
Income before income taxes and minority interests	342,605
Income taxes-current	116,832
Income taxes-deferred	-
Minority interests in income	5,452
Net income	220,319

(2) (Summary) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2007
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	342,605
Depreciation and amortization	118,165
Impairment loss	2,204
Loss (gain) on sales and retirement of noncurrent assets	(34,690)
Amortization of goodwill	1,296
Loss on valuation of investment securities	6,935
Increase (decrease) in provision for retirement benefits	(8,385)
Interest and dividends income	(12,193)
Interest expenses	29,976
Decrease (increase) in notes and accounts receivable-trade	(26,669)
Decrease (increase) in inventories	17,306
Increase (decrease) in notes and accounts payable-trade	(1,979)
Increase (decrease) in accounts payable-other	(42,850)
Increase (decrease) in tobacco excise taxes payable	(7,722)
Other, net	(49,076)
Subtotal	334,921
Interest and dividends income received	16,560
Interest expenses paid	(31,808)
Income taxes paid	(111,977)
Net cash provided by (used in) operating activities	207,696

(Millions of yen)

	Nine months ended December 31, 2007
Net cash provided by (used in) investment activities	
Purchases of short-term investment securities	(20,516)
Proceeds from sales and redemption of securities	3,721
Purchase of property, plant and equipment	(82,727)
Proceeds from sales of property, plant and equipment	44,492
Purchase of intangible assets	(4,773)
Purchase of investment securities	(3,711)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,520,967)
Other, net	3,290
Net cash provided by (used in) investment activities	(1,581,192)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	327,419
Proceeds from long-term loans payable	80,000
Repayment of long-term loans payable	(91,212)
Proceeds from issuance of bonds	149,723
Cash dividends paid	(42,152)
Cash dividends paid to minority shareholders	(2,626)
Other, net	(893)
Net cash provided by (used in) financing activities	420,257
Effect of exchange rate changes on cash and cash equivalents	33,659
Net increase (decrease) in cash and cash equivalents	(919,578)
Cash and cash equivalents at beginning of period	1,179,522
Cash and cash equivalents at end of period	259,943

(3) Segment information

[Operations by industry segment]
Nine months ended December 31, 2007 (From April 1, 2007 to December 31, 2007)

(Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
Net sales								
(1) Sales to customers	2,594,819	1,825,350	39,773	227,741	16,591	4,704,275	-	4,704,275
(2) Intersegment sales or transfers	36,400	27,484	-	96	18,542	82,523	(82,523)	-
Total	2,631,220	1,852,834	39,773	227,837	35,133	4,786,799	(82,523)	4,704,275
Operating income (loss)	182,172	174,066	(4,383)	5,664	8,852	366,371	397	366,769

Notes: 1. Operations by industry segment are categorized based on types of products, characteristics and markets.

2. Main products or services under each category are as follows:
   - a. Domestic tobacco: Tobacco products (These include tobacco products sold at duty-free shops in Japan, as well as at markets in China, Hong Kong and Macao, which are covered by the China Division.)
   - b. International tobacco: Tobacco products elsewhere
   - c. Pharmaceuticals: Prescription drugs
   - d. Foods: Beverages and processed foods
   - e. Others: Rent of real estate, leasing, engineering and others

3. The following tables show depreciation and amortization and amortization of goodwill amounts by industry segment which are included in operating expenses.

Depreciation and amortization (Property, plant and equipment / Intangible assets other than goodwill / Long-term prepaid expenses) (Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
Nine months ended December 31, 2007	61,684	43,096	2,433	2,955	8,715	118,884	(719)	118,165

Amortization of goodwill (Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Consolidated total
Nine months ended December 31, 2007	816	-	-	480	-	1,296

4. The domestic tobacco segment includes the sales by TS Network Co., Ltd., JT's consolidated subsidiary. TS Network Co., Ltd. distributes domestic tobacco products and sells imported tobacco products by wholesale. Net sales of imported tobacco products via TS Network Co., Ltd. were 921,296 million yen.

5. With respect to the international tobacco segment, as the closing date of the accounting period of international consolidated subsidiaries is set on December 31, operating results from January 1, 2007 to September 30, 2007 have been included in the nine months ended December 31, 2007.