[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.]

FASF MEMBERSHIP

April 30, 2009

Consolidated Financial Results for the Fiscal Year Ended 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 of Annual General Meeting of Shareholders: June 23, 2009
Scheduled date to file Securities Report: June 23, 2009
Scheduled starting date of the dividend payments: June 24, 2009

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

1. Consolidated financial results for the fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2009	6,832,307	6.6	363,806	(15.5)	307,586	(15.2)	123,400	(48.3)
March 31, 2008	6,409,726	34.4	430,553	29.7	362,681	16.2	238,702	13.3

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income on net sales
Year ended	Yen	Yen	%	%	%
March 31, 2009	12,880.90	12,879.77	6.8	6.9	5.3
March 31, 2008	24,916.51	24,916.26	11.8	8.6	6.7

Reference: Equity in earnings of affiliates:
the fiscal year ended March 31, 2009: ¥2,369 million;
the fiscal year ended March 31, 2008: ¥1,773 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2009	3,879,803	1,624,288	40.0	162,087.74
March 31, 2008	5,087,214	2,154,629	40.8	216,707.27

Reference: Equity:
As of March 31, 2009: ¥1,552,813 million; As of March 31, 2008: ¥2,076,072 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2009	275,271	(65,008)	(217,470)	167,257
March 31, 2008	145,030	(1,668,634)	519,000	215,008

2. Cash dividends

Record date	Cash dividends per share					Total amount of dividends (annual)	Payout ratio (consolidated)	Dividends on net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2008	-	2,200.00	-	2,600.00	4,800.00	45,984	19.3	2.3
Year ended March 31, 2009	-	2,600.00	-	2,800.00	5,400.00	51,732	41.9	2.9
Year ending March 31, 2010 (Forecast)	-	2,800.00	-	2,800.00	5,600.00		53.6	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2010 (from April 1, 2009 to March 31, 2010)

(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
Six months ending September 30, 2009	-	-	-	-	-	-	-	-	-
Year ending March 31, 2010	6,000,000	(12.2)	244,000	(32.9)	227,000	(26.2)	100,000	(19.0)	10,438.33

Note: Consolidated earnings forecasts for the six months of the fiscal year ending March 31, 2010 is not computed, thus there is no applicable figures.

4. Others

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

(2) 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 preparation policy of 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 "4. (5) Significant preparation policy of consolidated financial statements" on page 24.

(3) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury shares)
As of March 31, 2009 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 March 31, 2009 419,920 shares
As of March 31, 2008 419,920 shares

Note: Please refer to the section of "Per share information" on page 30 for the number of shares used as a basis of calculation for the consolidated net income per share.

(Reference) Summary of non-consolidated results

1. Non-consolidated financial results for the fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

(1) Non-Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2009	2,173,552	(5.6)	167,687	(11.1)	160,200	(9.9)	89,637	(31.7)
March 31, 2008	2,302,704	(1.2)	188,608	(10.8)	177,757	(6.3)	131,145	(1.0)

	Net income per share	Diluted net income per share
Year ended	Yen	Yen
March 31, 2009	9,356.60	9,355.78
March 31, 2008	13,689.35	13,689.21

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2009	2,857,330	1,845,443	64.6	192,595.36
March 31, 2008	2,902,509	1,816,727	62.6	189,616.56

Reference: Equity:
As of March 31, 2009: ¥1,845,078 million; As of March 31, 2008: ¥1,816,541 million

* Proper use of earnings forecasts, and other special matters

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 “1. Financial review (1) Analysis of financial results” on page 9 and “Caution concerning forward-looking statements” on page 14 and in the “Overview of Consolidated Financial Results for FY 3/2009 and Full-term Forecasts for FY 3/2010” for the suppositions that form the assumptions for business results and cautions concerning the use of business results forecasts.

1. Business results

(1) Analysis of consolidated business results

(Business results for the current fiscal year)

a. General summary

Consolidated financial results for the fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

The global economy in the latter part of the fiscal year ended March 31, 2009, was marked by economic deterioration in not only the U.S. and Europe, but also Asia, as the worldwide financial crisis seeped into the real economy. The Japanese economy was also impacted by the global economic deterioration as it faced dire circumstances characterized by drastic drops in corporate earnings and rapid deterioration of the employment situation.

Under these circumstances, the JT Group steadfastly executed measures along the lines of our mid-term management plan “JT2008,” whose final year is the fiscal year ended March 31, 2009, working towards the realization of sustainable growth for the future. Under “JT2008,” the JT Group acquired Gallaher for its international tobacco business in April 2007 and, for its foods business, the Katokichi Group in January 2008, in an effort to expand the business foundation by proactively obtaining external resources through acquisitions.

The closing date of the consolidated subsidiaries allocated to the international tobacco business segment is December 31, and their financial results used for the consolidated fiscal year ended March 31, 2009, are for the twelve months from January 1 to December 31, 2008. Accordingly, the previous consolidated fiscal year results of Gallaher, whose acquisition was completed in April 18, 2007, included the results for only 8.4 months.

Net sales

Net sales increased by ¥422.5 billion, or 6.6%, from the previous fiscal year to ¥6.8323 trillion. Although the sales volume declined as a result of a fall in overall demand on the domestic tobacco business and there was a negative impact on sales from yen-related currency exchange rates when consolidating overseas subsidiaries, the sales volume in the international tobacco business increased and the full-year operating results of Gallaher and the Katokichi Group in the foods business contributed to this figure.

	Fiscal year ended March 2008	Fiscal year ended March 2009	Change	
	Billions of yen	Billions of yen	Billions of yen	%
Consolidated	6,409.7	6,832.3	422.5	6.6
Domestic tobacco business	3,362.3	3,200.4	(161.9)	(4.8)
International tobacco business	2,639.9	3,118.3	478.3	18.1
Pharmaceutical business	49.0	56.7	7.6	15.7
Foods business	336.4	435.9	99.5	29.6
Other business	21.8	20.7	(1.1)	(5.1)

* Net sales figures represent external net sales.

Operating income

Operating income fell by ¥66.7 billion, or 15.5%, from the previous fiscal year to ¥363.8 billion. Major factors were the decrease in the sales volume of the domestic tobacco business, the amortization of goodwill for the international tobacco business following the changes in accounting standards and the inclusion of the amortization of goodwill of the Katokichi Group to the full-year results.

(billions of yen)

	Fiscal year ended March 2008	Fiscal year ended March 2009	Change	
	Billions of yen	Billions of yen	Billions of yen	%
Consolidated	430.5	363.8	(66.7)	(15.5)
Domestic tobacco business	222.3	188.2	(34.0)	(15.3)
International tobacco business	205.3	174.7	(30.5)	(14.9)
Pharmaceutical business	(9.6)	1.0	10.6	-
Foods business	0.6	(11.4)	(12.1)	-
Other business	10.4	9.6	(0.7)	(7.2)
Elimination/corporate	1.3	1.5		

Ordinary income

Ordinary income fell by ¥55.0 billion, or 15.2%, from the previous fiscal year to ¥307.5 billion due to the fall in operating income and effects from the inclusion in full-year results of interest expenses relating to the increase in loans following the acquisition of Gallaher. This is despite the ¥11.6 billion improvement in non-operating income attributable to a decrease of foreign exchange losses.

Net income

Income before income taxes and minority interests fell by ¥110.4 billion, or 29.6%, from the previous fiscal year to ¥262.1 billion. Major factors were a decrease in gain on sales of noncurrent assets and losses resulting from the cost of demolishing abandoned company residential building as well as, in the international tobacco business, costs accompanying restructuring in the license business in the Philippines and for reorganizing the business structure of the Katokichi Group. Net income fell by ¥115.3 billion, or 48.3%, from the previous fiscal year to ¥123.4 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. Since July 2008, the machines have been operating nationwide.

During the current fiscal year, we endeavored to enhance the value of our brands by introducing new products as well as by strengthening existing brands, mainly in the Mild Seven family, which is our core brand. These endeavors included active sales promotion activities such as the continuation of the Mild Seven family campaign that has been in operation since the previous fiscal year and the campaign for Seven Stars, which marked its 40th anniversary in February 2009. In the area of new products, Pianissimo Fram Menthol One, a “D-spec” product, Salem Alaska Menthol, Seven Stars Black Impact and others were released. Mild Seven Impact One 100’s Box, which was being gradually released region by region, was launched nationwide and Seven Stars Lights Menthol, which had been released in limited regions, was also released nationwide. In addition, 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.

Furthermore, Cabin Roast Blend 100’s Box, which had been released in limited regions, was released nationwide from the beginning of April 2009 and Mild Seven 100’s Box and Mild Seven Light 100’s Box will be released nationwide from the beginning of June 2009.

The sales volume of cigarettes for the domestic tobacco business during the current fiscal year decreased by 7.8 billion cigarettes, or 4.7%, from the previous fiscal year to 159.9 billion cigarettes* due to an overall decline in demand. However, our market share rose for the second consecutive fiscal year to 65.1%, or 0.2 point, thanks to aggressive sales promotion activities and new product releases. In addition, net sales per 1,000 cigarettes (tax excluded) was ¥4,057.

Consequently, net sales for our domestic tobacco business during the current fiscal year declined by ¥161.9 billion, or 4.8%, from the previous fiscal year to ¥3.2004 trillion and operating income fell by ¥34.0 billion, or 15.3%, to ¥188.2 billion, depressed by an increase in sales promotion expenses in addition to the decrease in sales volume.

* In addition to the figure stated above, during the fiscal year ended March 2009, the domestic tobacco business also sold 3.6 billion cigarettes at duty-free shops in Japan, as well as at markets in China, Hong Kong and Macao, markets that are under the control of JT's 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 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 current fiscal year increased by 66.7 billion cigarettes, or 17.3%, from the previous fiscal year to 452.3 billion cigarettes. This was mainly due to the steady sales growth of Winston in Russia, Turkey, Ukraine and Spain; Camel in Italy, Russia and Spain; and Mild Seven in Korea, Taiwan, Russia and Malaysia. The sales volume of the GFB was 245.5 billion cigarettes.

Consequently, net sales for our international tobacco business during the current fiscal year increased by ¥478.3 billion, or 18.1%, from the previous fiscal year to ¥3.1183 trillion due to the increase in sales volume and the inclusion in full-year results of the operating results of Gallaher. Operating income fell by ¥30.5 billion, or 14.9%, to ¥174.7 billion, depressed by the reporting of amortization of goodwill.

* The foreign exchange rate in the current fiscal year was ¥103.48 per U.S. dollar, compared with ¥117.85 per U.S. dollar in the previous fiscal year.

Pharmaceutical business

The pharmaceutical business, working towards the early enhancement 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 research and development pipeline while expanding and enhancing the pipeline itself.

Although we abandoned the development of anti-obesity compound JTT-553, anti-Hepatitis C compound JTK-652, serum urate level lowering compound JTT-552 and anti-diabetes compound JTT-651, thanks to anti-HIV compound JTK-656 and serum phosphate level lowering compound JTT-751 advancing to the clinical trial stage, the number of compounds developed in-house that are under clinical development is now 9.

Also, we continue to explore strategic opportunities for license-in and license-out. 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 exclusively develop and commercialize this compound worldwide, with the exception of Japan.

Regarding the business performance by our subsidiary Torii Pharmaceutical Co. ("Torii"), the company enjoyed growth in sales for Truvada Tablets, an anti-HIV drug, Dovonex Ointment, used for the treatment of psoriasis vulgaris, ZEFNART, an antifungal agent for external use, and the topical adrenocortical hormone ANTEBATE. However, the company suffered a 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. In March 2009, Torii began selling REMITCH CAPSULES, an oral antiprutitus drug for hemodialysis patients which was jointly developed by Toray Industries, Inc. ("Toray"), JT and Torii and for which manufacturing and marketing approval was obtained in Japan by Toray in January 2009.

Consequently, despite the decline in sales from Torii Pharmaceutical, net sales for our pharmaceuticals business increased by ¥7.6 billion, or 15.7%, from the previous fiscal year to ¥56.7 billion and operating income was ¥1.0 billion, compared with an operating loss of ¥9.6 billion in the previous fiscal year, attributable to 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 compound JTT-705, licensed to Roche in October 2004.

Foods business

We position the foods business as a business pillar of the JT Group, focusing on three areas: beverages, processed foods and seasonings. We promote efforts to achieve the highest level of safety control and to further strengthen the business foundation for future growth.

In the beverage sector, we have steadily expanded our vending machine sales channels, mainly through our subsidiary, Japan Beverage Inc., 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 to the impact of the frozen foods products contamination 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; and actively working to establish greater food safety with outside specialists, food safety advisors of the JT Group, help.

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, we reorganized the processed foods sector and the seasonings sector, to assign operational control to subsidiary Katokichi Ltd. We successfully integrated the resources and the various functions of processed foods and seasonings including quality control, research and development, procurement and sales. In addition, we are implementing the measures as necessary 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 increased by ¥99.5 billion, or 29.6%, from the previous fiscal year to ¥435.9 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 frozen foods products contamination, and others, and from the beverages sector, on account of seasonal weather factors and intensified of competition, as well as the impact of sluggish consumption accompanying the sudden economic recession that we are in. Concerning profits, however, the foods business had an operating loss of ¥11.4 billion, compared with an operating income of ¥0.6 billion in the previous fiscal year, because of the increase in expenses, the soaring prices of raw materials and the impact of amortization of goodwill following the consolidation of the Katokichi Group.

Other business

Net sales for our other business operations declined by ¥1.1 billion, or 5.1%, from the previous fiscal year to ¥20.7 billion and operating income fell by ¥0.7 billion, or 7.2%, to ¥9.6 billion.

c. Review of operations by geographic segment

Japan

Net sales in Japan for the current fiscal year declined by ¥39.7 billion, or 1.1%, from the previous fiscal year to ¥3.6720 trillion due to a decrease in the sales volume in the domestic tobacco business despite effects from the inclusion in full-year results of the operating results of the Katokichi Group in the foods business. Operating income fell by ¥35.9 billion, or 16.1%, from the previous fiscal year to ¥186.4 billion as a result of a decrease in the sales volume of the domestic tobacco business and the effects from the inclusion in full-year results of the amortization of goodwill of the Katokichi Group.

Western Europe

Net sales in Western Europe for the current fiscal year increased by ¥359.2 billion, or 21.4%, from the previous fiscal year to ¥2.038 trillion due to the inclusion in full-year results of the operating results of Gallaher, which holds a large market share in the U.K. and Ireland with high unit prices. However, we had an operating loss of ¥24.1 billion, compared to the operating income of ¥55.9 billion recorded in the previous fiscal year as a result of the amortization of goodwill and others.

Others

Net sales in other regions for the current fiscal year increased by ¥103.0 billion, or 10.1%, from the previous fiscal year to ¥1.1222 trillion thanks to favorable sales conditions in Russia, Turkey and other countries in the international tobacco business. Operating income increased by ¥48.2 billion, or 31.9%, from the previous fiscal year to ¥199.6 billion.

(Earnings forecasts for the fiscal year ending March 31, 2010)

Concerning net sales, despite expectations of strong results mostly from GFB in the international tobacco business, we forecast a decrease compared to the previous fiscal year not only attributable to a decrease in the sales volume due to depressed total demand in the domestic tobacco business but also great negative effects from foreign currency exchange.

Concerning operating income, we also expect a year-on-year drop due to higher raw material costs coming in the wake of increase in the price of leaf tobacco despite lower amortization expenses following the completion of the amortization of some trademarks.

For ordinary income, although we expect an improvement in non-operating expenses due to lower interest expenses as a result of the repayment of interest-bearing debt, a year-on-year drop is forecasted attributable to decrease in operating income.

Extraordinary income/loss is projected to improve thanks to the disappearance of introduction costs for vending machines with adult identification functions recorded up to the fiscal year ended March 2009, despite a decrease in gain on sales of noncurrent assets and expected business restructuring costs following tobacco plant closings in Japan. However, we expect a year-on-year drop in net income from lower ordinary income.

Consolidated earnings forecasts for the fiscal year ending March 31, 2010 are as follows.

(Billions of yen)

	Fiscal year ending March 2010 (forecast)	Fiscal year ended March 2009 (result)
Net sales	6,000.0	6,832.3
Operating income	244.0	363.8
Ordinary income	227.0	307.5
Net income	100.0	123.4

Note: The JT Group does not calculate six months cumulative operating results forecasts, therefore, they are omitted here.

* Principal conditions forming basis of assumption

Domestic tobacco business

	Fiscal year ending March 2010 (forecast)	Fiscal year ended March 2009 (result)
Sales volume	152.5 billion cigarettes	159.9 billion cigarettes

International tobacco business

	Fiscal year ending March 2010 (forecast)	Fiscal year ended March 2009 (result)
Sales volume	456.0 billion cigarettes	445.9 billion cigarettes
Exchange rate (U.S. dollar)	¥95.00	¥103.48

Note: The abovementioned international tobacco business sales volume includes the sales volume of cigars, pipes and snus in addition to the sales volume of cigarettes. The sales volume of cigars, pipes and snus was 0.7 billion in fiscal 2009 and 0.6 billion is forecasted for fiscal 2010. Please note that the sales volume of private label products, mainly in the German market and previously included in the sales volume of the international tobacco business, was excluded from the abovementioned sales volume of the international tobacco business. The sales volume of private label products was 7.1 billion in fiscal year ended March 2009 and 4.9 billion is forecasted for fiscal year ending March 2010.

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” on page 14 before using the information provided in our forward-looking statements.

(2) Analysis of financial position

Cash and cash equivalents on a consolidated basis at the end of the current fiscal year stood at ¥167.2 billion, representing a ¥47.7 billion decrease from the ¥215.0 billion balance recorded at the previous fiscal year-end.

Cash provided by operating activities

Cash provided by operating activities during the current fiscal year was ¥275.2 billion, compared with ¥145.0 billion provided in the previous fiscal year due to the generation of a stable flow of cash from the tobacco business including the contribution to the full-year results of Gallaher despite an increase in working capital as a result of an expanded business volume. Due to the result of bank holidays, the amount of tobacco excise tax paid for the domestic tobacco business represented 13 months for the previous fiscal year and 12 months for the current fiscal year.

Cash used in investing activities

Cash used in investing activities during the current fiscal year was ¥65.0 billion, compared with ¥1.6686 trillion used in the previous fiscal 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 current fiscal year was ¥217.4 billion, compared with ¥519.0 billion provided in the previous fiscal 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.

Trends in company cash flow indicators are as shown below.

	Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ended March 2009
Equity ratio (%)	50.2	58.0	58.3	40.8	40.0
Market value equity ratio (%)	79.8	136.3	172.1	98.1	67.5
Interest-bearing debt to cash flow ratio (%)	92.0	144.1	50.3	957.9	361.9
Interest coverage ratio (times)	48.7	26.0	62.8	3.5	5.4

Note: Equity ratio: equity / total assets
Market value equity ratio: market capitalization / total assets
Interest-bearing debt to cash flow ratio: interest-bearing debt / operating cash flow
Interest coverage ratio: operating cash flow / paid interest

* All indicators are calculated using consolidated-based financial figures.
For the fiscal year ended March 2006, indicators are calculated after adjusting for the ex rights share price due to a stock split.

* Market capitalization is calculated by multiplying the number of issued shares as of the end of the fiscal year (including treasury stock) by the share price on the last day of the fiscal year.

* The figure used for operating cash flow is “net cash provided by operating activities” on the consolidated statements of cash flows.

* Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets on which interest was paid.
Following the application of the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) as of the current fiscal year, lease obligations relating to finance leases were included in interest-bearing debt for the fiscal year ended March 2009.

(3) Basic policy on profit distribution and dividends for fiscal years 2009 and 2010

The JT Group believes the growth of our corporate value in the medium to long term by realizing sustainable profit growth fueled by proactive business investment is the key to increasing shareholder benefits.

Regarding dividends, the JT Group aims to achieve a consolidated dividend payout ratio of 30% (after deducting the goodwill amortization effect) as our medium term objective. We will continue to strive towards further improving dividend levels by having as our basic policy with the aim to provide a competitive level of returns to shareholders in the capital market while considering the status of the medium to long term growth strategies and our consolidated financial results outlook.

Internal reserves will be replenished not only for present and future business investments and to acquire external resources but also for the purchase of own shares effected to increase managerial options, to pay down interest-bearing debts and other objectives.

Based on this policy, we plan to pay out a year-end dividend for the current fiscal year of ¥2,800, which added to the ¥2,600 interim dividend, would consequently result in an annual dividend per share of ¥5,400. The JT Group plans to pay out an annual dividend per share of ¥5,600 (including a ¥2,800 interim dividend) for the fiscal year ending March 31, 2010.

(4) Business and other risks

The followings are significant changes relating to the content disclosed in the most recent Securities Report (submitted June 24, 2008).

Among the lawsuits filed by JT Group companies seeking to invalidate an assessment by the Russian tax authorities, the case involving an assessment of approximately 2.4 billion rubles (approximately ¥6.9 billion) served to ZAO JTI Marketing and Sales ("M&S Corp."), a Russian consolidated subsidiary, was finally closed in October 2008 following the decision favorable to M&S Corp. by the Higher Arbitration Court of the Russian Federation.

In April 2008, the Office of Fair Trading (OFT), the UK competition authority, issued a Statement of Objections to Gallaher Group Ltd. (former Gallaher Group Plc) and Gallaher Ltd. (together, hereinafter, "Gallaher"), our subsidiaries in the United Kingdom, for anti-competitive business practices relating to the retail pricing of tobacco products in the UK market during the period prior to JT's acquisition of Gallaher. However, in July 2008, Gallaher reached an early resolution agreement with the OFT wherein it agreed to pay a fine of approximately £93 million (approximately ¥13.0 billion) following JT and Gallaher's careful and comprehensive review of the facts and related laws.

The fine has been booked as liabilities in the purchase price allocation related to JT's acquisition of Gallaher Group Plc (now Gallaher Group Ltd.). This agreement requires us the cooperation with the OFT regarding the investigation and the fine to Gallaher is scheduled to be finally decided after such investigation has been completed.

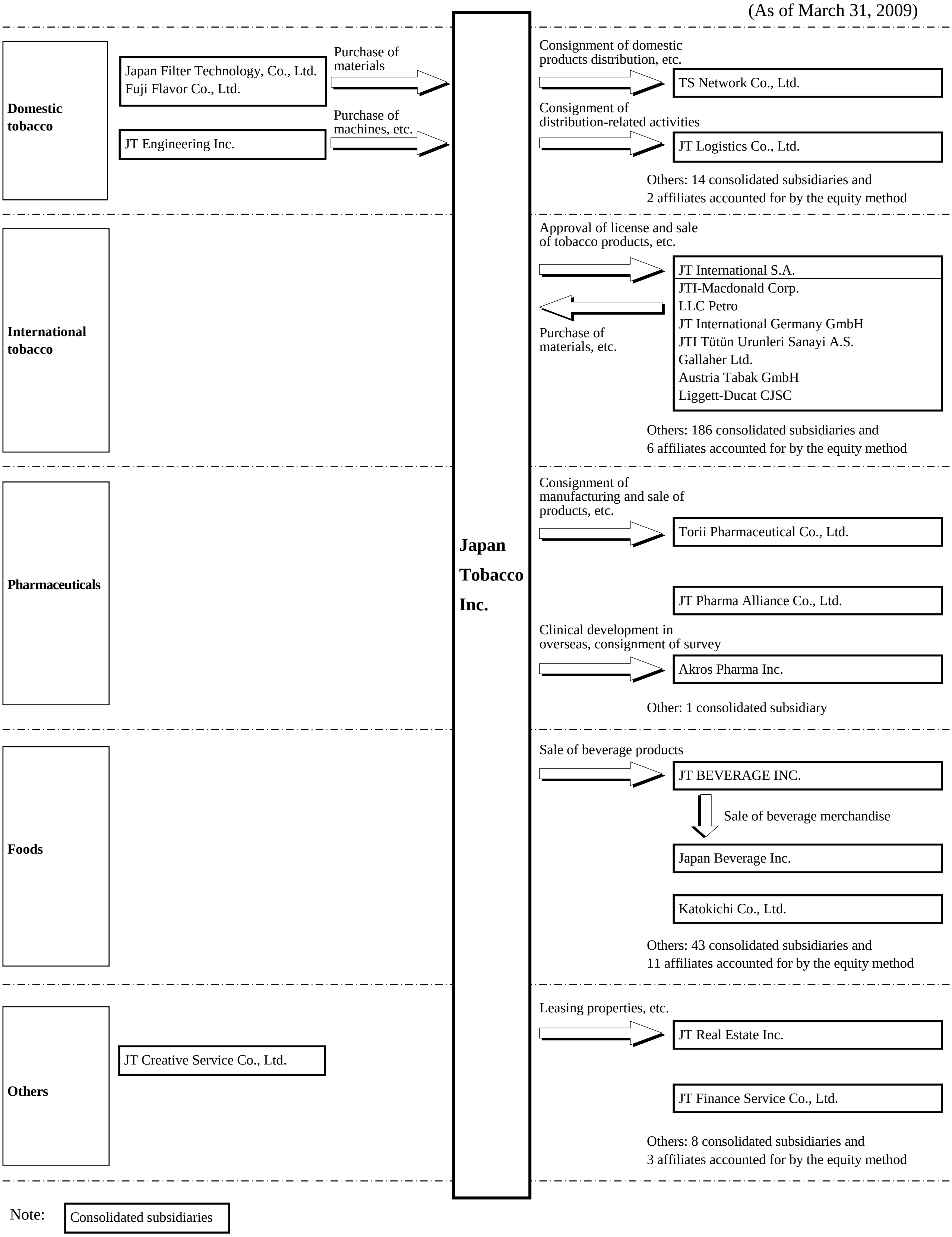
While the agreement reached with the OFT relates only to Gallaher's past business activities prior to JT's acquisition of the Gallaher group of companies, JT takes special notice of the OTF's action and will continue to enhance efforts to ensure compliance of the whole group of companies.

2. Status of the corporate group

In July 2008, a realignment of the JT Group's foods business was effected. It consisted of integrating the processed foods and seasonings sectors handled by JT into Katokichi Ltd. as well as associated companies including the subsidiary JT Foods Co., Ltd. into same by share transfers and other means. As for the beverage business, the product development and other manufacturer functions were left to JT while the sales and distribution operations of JT Foods Co., Ltd. in the beverage business were transferred to the newly established JT Beverages Inc.

The following is an illustration of the business network.

(As of March 31, 2009)



3. Management policy

(1) Basic management policy

The mission of the JT Group is to “create, develop and nurture its unique brands to win consumer trust, while understanding and respecting the environment, and the diversity of societies and individuals.” By fulfilling the expectations of our consumers and behaving responsibly, striving for quality in everything we do, through continuously improving and leveraging diversity across the JT Group, we will continue to strive to maximize cash flow, enhance corporate values and maintain the trust of our various stakeholders.

(2) Medium to long term management strategy and issues

JT formulated the new medium term management plan “JT-11” for the three-year period ending March 2012, which will continue the strategies JT has promoted in the past and will take them to a higher level, in an effort to realize its long-term corporate image of becoming “A company committed to global growth that provides consumers diversified value uniquely available from JT.”

The theme of “JT-11” is to “secure strong business momentum through investment for the future and continuous improvement in business operations in anticipation of possible changes in the business environment that may occur in the future so that we can maintain sustainable growth in the long term.”

The domestic tobacco business is positioned as the core source of profits for the JT Group. We expect total tobacco demand in Japan to continue to decline and competition with other tobacco manufacturers to intensify and, with an eye on environmental changes, we will strive to maintain and promote our brand equity primarily in our core brands and build a strong portfolio. Meanwhile, we will fortify our product exposure at key sales channels, enhance our sales and organizational strengths and secure our competitive advantages over competitors.

In addition, the JT Group will implement efforts aimed at the enhancement of our added-value and quality for the maximization of customer satisfaction. We will also build a highly cost efficient business framework capable of adapting to highly uncertain business environments and continue to make greater efforts than ever in order to realize a society in which smokers and non-smokers can coexist harmoniously.

The international tobacco business is continuing its role as the profit growth engine for the JT Group. Therefore, we aim to sustain quality top-line growth by maintaining our primary focus on GFB and realizing the sales volume growth and unit price improvements accompanying building and nurturing outstanding brands. Concurrently, we will expand our earnings base and make proactive business base fortification investments including in markets with growth potential.

The JT Group will also continue to take appropriate response to the WHO Framework Convention on Tobacco Control and the tobacco-related regulations of the EU and other countries.

In the pharmaceutical business, we will continue to build a globally successful, R&D-driven business with unique features and strive to secure a market presence with original new drugs by increasing and advancing compounds in a late phase of clinical trial and enhancing the research and development pipeline. To achieve this, while striving to strengthen the capability for clinical trial, including late-phase development and further improve the drug discovery research capability, we will continue to explore strategic opportunities for out-licensing and strengthen alliances with business partners so that we can realize the value of the pharmaceutical business at an early date.

Concerning the foods business, we will focus on three areas: beverages, processed foods and seasonings, promote efforts to achieve the highest level of safety control, and further strengthen the business foundation for significant future growth. In the beverages sector, we will further strengthen the flagship Roots brand and establish a solid profit base by pursuing efficiency. For processed foods and seasonings, in the Katokichi Group we will pursue integrated synergies and labor to concentrate our forces on key areas and foster a higher sense of oneness all in an effort to buttress our business base.

In the area of environmental protection efforts and social contribution activities, the JT Group is actively engaged in reducing impacts on the environment, contributing to local communities, promoting afforestation and forest conservation projects, youth education and other activities from the aspect of bringing about a “harmony” between its corporate activities and the environment and a feeling of mutual coexistence with society as a “good corporate citizen” in all countries and regions where the Group operates.

* 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 FY 3/2009 and Full-term Forecasts for FY 3/2010.”

(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.

4. Consolidated financial statements
(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	213,885	164,957
Notes and accounts receivable-trade	325,075	290,068
Short-term investment securities	4,952	4,910
Merchandise and finished goods	138,870	122,970
Semi-finished goods	120,527	119,290
Work in process	7,938	6,561
Raw materials and supplies	226,735	215,334
Deferred tax assets	32,008	29,675
Other	169,205	145,076
Allowance for doubtful accounts	(4,504)	(3,162)
Total current assets	1,234,695	1,095,682
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	679,899	621,469
Accumulated depreciation	(398,157)	(386,615)
Buildings and structures, net	281,742	234,853
Machinery, equipment and vehicles	704,663	642,148
Accumulated depreciation	(485,689)	(453,155)
Machinery, equipment and vehicles, net	218,973	188,993
Tools, furniture and fixtures	220,932	165,434
Accumulated depreciation	(147,817)	(103,012)
Tools, furniture and fixtures, net	73,114	62,422
Land	157,380	147,219
Construction in progress	32,120	35,253
Total property, plant and equipment	763,332	668,742
Intangible assets		
Goodwill	2,106,887	1,453,961
Right of trademark	613,496	347,372
Other	39,023	30,509
Total intangible assets	2,759,407	1,831,843
Investments and other assets		
Investment securities	132,173	90,230
Long-term loans receivable	4,409	9,190
Deferred tax assets	110,708	128,786
Other	112,743	97,022
Allowance for doubtful accounts	(30,075)	(41,695)
Allowance for loss on investments	(180)	-
Total investments and other assets	329,778	283,534
Total noncurrent assets	3,852,518	2,784,121
Total assets	5,087,214	3,879,803

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	175,369	158,544
Short-term loans payable	269,034	113,231
Current portion of bonds	73,054	190,363
Current portion of long-term loans payable	6,668	26,380
Lease obligations	1,340	5,512
Accounts payable-other	79,014	62,824
National tobacco excise taxes payable	200,875	172,986
National tobacco special excise taxes payable	10,898	10,470
Local tobacco excise taxes payable	88,839	85,541
Income taxes payable	71,693	51,777
Accrued consumption taxes	62,654	43,847
Deferred tax liabilities	6,547	2,915
Provision	41,481	39,172
Other	196,924	129,835
Total current liabilities	1,284,396	1,093,403
Noncurrent liabilities		
Bonds payable	643,631	349,794
Long-term loans payable	396,907	299,563
Lease obligations	1,111	11,234
Deferred tax liabilities	174,395	110,389
Provision for retirement benefits	283,387	259,145
Provision for directors' retirement benefits	743	623
Provision for loss on guarantees	257	695
Other	147,754	130,665
Total noncurrent liabilities	1,648,188	1,162,111
Total liabilities	2,932,584	2,255,514
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	736,400	736,400
Retained earnings	1,344,490	1,224,989
Treasury stock	(74,578)	(74,578)
Total shareholders' equity	2,106,311	1,986,810
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	21,338	8,437
Deferred gains or losses on hedges	219	92
Pension liability adjustment of foreign consolidated subsidiaries	(10,711)	(18,965)
Foreign currency translation adjustment	(41,085)	(423,561)
Total valuation and translation adjustments	(30,238)	(433,997)
Subscription rights to shares	185	364
Minority interests	78,370	71,109
Total net assets	2,154,629	1,624,288
Total liabilities and net assets	5,087,214	3,879,803

(2) Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net sales	6,409,726	6,832,307
Cost of sales	5,228,925	5,554,398
Gross profit	1,180,801	1,277,908
Selling, general and administrative expenses	750,247	914,102
Operating income	430,553	363,806
Non-operating income		
Interest income	11,238	10,104
Dividends income	2,171	2,172
Other	8,122	18,059
Total non-operating income	21,533	30,335
Non-operating expenses		
Interest expenses	41,758	51,356
Foreign exchange losses	31,789	21,801
Financial support for domestic leaf tobacco growers	2,004	768
Periodic mutual assistance association cost	2,333	2,024
Other	11,519	10,604
Total non-operating expenses	89,405	86,555
Ordinary income	362,681	307,586
Extraordinary income		
Gain on sales of noncurrent assets	66,747	46,461
Other	2,217	1,915
Total extraordinary income	68,964	48,377
Extraordinary loss		
Loss on sales of noncurrent assets	3,261	2,169
Loss on retirement of noncurrent assets	6,306	11,505
Impairment loss	3,825	16,364
Business restructuring costs	6,442	24,363
Introduction costs for vending machines with adult identification functions	12,878	13,468
Costs related to the recall of frozen foods products	5,623	-
Other	20,694	25,947
Total extraordinary losses	59,032	93,819
Income before income taxes and minority interests	372,614	262,143
Income taxes-current	117,271	126,732
Income taxes-deferred	11,107	8,240
Total income taxes	128,379	134,972
Minority interests in income	5,532	3,771
Net income	238,702	123,400

(3) Consolidated statements of changes in net assets

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	100,000	100,000
Balance at the end of current period	100,000	100,000
Capital surplus		
Balance at the end of previous period	736,400	736,400
Balance at the end of current period	736,400	736,400
Retained earnings		
Balance at the end of previous period	1,158,337	1,344,490
Effect of changes in accounting policies applied to foreign subsidiaries	-	(193,658)
Changes of items during the period		
Changes of retained earnings due to the new accounting standard adopted by foreign consolidated subsidiaries applying U.S.GAAP	(10,548)	-
Dividends from surplus	(42,152)	(49,816)
Net income	238,702	123,400
Change of scope of consolidation	-	47
Change of scope of equity method	151	525
Total changes of items during the period	186,152	74,157
Balance at the end of current period	1,344,490	1,224,989
Treasury stock		
Balance at the end of previous period	(74,578)	(74,578)
Balance at the end of current period	(74,578)	(74,578)
Total shareholders' equity		
Balance at the end of previous period	1,920,159	2,106,311
Effect of changes in accounting policies applied to foreign subsidiaries	-	(193,658)
Changes of items during the period		
Changes of retained earnings due to the new accounting standard adopted by foreign consolidated subsidiaries applying U.S.GAAP	(10,548)	-
Dividends from surplus	(42,152)	(49,816)
Net income	238,702	123,400
Change of scope of consolidation	-	47
Change of scope of equity method	151	525
Total changes of items during the period	186,152	74,157
Balance at the end of current period	2,106,311	1,986,810

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	33,329	21,338
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,990)	(12,901)
Balance at the end of current period	21,338	8,437
Deferred gains or losses on hedges		
Balance at the end of previous period	14,580	219
Changes of items during the period		
Net changes of items other than shareholders' equity	(14,360)	(127)
Balance at the end of current period	219	92
Pension liability adjustment of foreign consolidated subsidiaries		
Balance at the end of previous period	(15,560)	(10,711)
Pension liability adjustment of foreign consolidated subsidiaries		
Net changes of items other than shareholders' equity	4,848	(8,254)
Balance at the end of current period	(10,711)	(18,965)
Foreign currency translation adjustment		
Balance at the end of previous period	7,745	(41,085)
Changes of items during the period		
Net changes of items other than shareholders' equity	(48,831)	(382,475)
Balance at the end of current period	(41,085)	(423,561)
Total valuation and translation adjustments		
Balance at the end of previous period	40,094	(30,238)
Changes of items during the period		
Net changes of items other than shareholders' equity	(70,333)	(403,758)
Balance at the end of current period	(30,238)	(433,997)
Subscription rights to shares		
Balance at the end of previous period	-	185
Changes of items during the period		
Net changes of items other than shareholders' equity	185	179
Balance at the end of current period	185	364
Minority interests		
Balance at the end of previous period	64,362	78,370
Changes of items during the period		
Net changes of items other than shareholders' equity	14,008	(7,260)
Balance at the end of current period	78,370	71,109

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Total net assets		
Balance at the end of previous period	2,024,615	2,154,629
Effect of changes in accounting policies applied to foreign subsidiaries	-	(193,658)
Changes of items during the period		
Changes of retained earnings due to the new accounting standard adopted by foreign consolidated subsidiaries applying U.S.GAAP	(10,548)	-
Dividends from surplus	(42,152)	(49,816)
Net income	238,702	123,400
Change of scope of consolidation	-	47
Change of scope of equity method	151	525
Net changes of items other than shareholders' equity	(56,139)	(410,839)
Total changes of items during the period	130,013	(336,682)
Balance at the end of current period	2,154,629	1,624,288

Marginal notes for consolidated statements of changes in net assets

Notes: 1. “Pension liability adjustment of foreign consolidated subsidiaries” in valuation and translation adjustments was unfunded liabilities recorded by foreign consolidated subsidiaries that adopt U.S.GAAP.

2. Effective from January 1, 2007, the Accounting for Uncertainty in Income Taxes (FASB Interpretation No. 48, Financial Accounting Standards Board) was applied to foreign consolidated subsidiaries that adopt U.S.GAAP. Accordingly, the impacts that arose due to the application in the previous fiscal year (the fiscal year in which the new standard was adopted for the first time) were recorded as changes of retained earnings.

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	372,614	262,143
Depreciation and amortization	167,658	176,899
Impairment loss	3,825	16,364
Loss (gain) on sales and retirement of noncurrent assets	(60,768)	(41,499)
Amortization of goodwill	3,883	105,470
Loss (gain) on valuation of investment securities	11,154	7,062
Increase (decrease) in provision for retirement benefits	(4,932)	(13,159)
Interest and dividends income	(13,410)	(12,276)
Interest expenses	41,758	51,356
Decrease (increase) in notes and accounts receivable-trade	47,484	(43,141)
Decrease (increase) in inventories	27,114	(47,632)
Increase (decrease) in notes and accounts payable-trade	(16,650)	2,698
Increase (decrease) in accounts payable-other	(39,955)	(7,939)
Increase (decrease) in tobacco excise taxes payable	(213,133)	28,981
Other, net	(31,029)	(55,237)
Subtotal	295,612	430,091
Interest and dividends income received	18,226	15,551
Interest expenses paid	(36,083)	(55,957)
Income taxes paid	(132,724)	(114,414)
Net cash provided by (used in) operating activities	145,030	275,271
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(2,353)	(1,360)
Proceeds from sales and redemption of securities	4,224	1,861
Purchase of property, plant and equipment	(124,832)	(112,408)
Proceeds from sales of property, plant and equipment	83,335	55,255
Purchase of intangible assets	(6,830)	(6,948)
Purchase of investment securities	(22,562)	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,608,080)	(3,060)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	1,449	450
Other, net	7,015	1,202
Net cash provided by (used in) investing activities	(1,668,634)	(65,008)

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	136,063	(125,182)
Proceeds from long-term loans payable	378,862	94,130
Repayment of long-term loans payable	(90,198)	(54,662)
Proceeds from issuance of bonds	149,723	-
Redemption of bonds	(10,000)	(70,810)
Cash dividends paid	(42,152)	(49,752)
Cash dividends paid to minority shareholders	(2,889)	(3,539)
Repayments of finance lease obligations	-	(6,606)
Other, net	(407)	(1,046)
Net cash provided by (used in) financing activities	519,000	(217,470)
Effect of exchange rate change on cash and cash equivalents	40,090	(39,590)
Net increase (decrease) in cash and cash equivalents	(964,513)	(46,797)
Cash and cash equivalents at beginning of period	1,179,522	215,008
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(953)
Cash and cash equivalents at end of period	215,008	167,257

(5) Significant preparation policy of consolidated financial statements

Matters related to the scope of consolidation

Number of consolidated subsidiaries: 274 companies

Major consolidated subsidiaries: TS Network Co., Ltd., Japan Filter Technology, Ltd., JT International S.A., Gallaher Ltd., Torii Pharmaceutical Co., Ltd., Katokichi Co., Ltd., Japan Beverage Inc., JT Real Estate Inc., JT Financial Service Corporation.

In addition, a total of 17 companies, including JT BEVERAGE INC. and Fuji Foods Corporation, were included in the scope of consolidation from the current fiscal year.

A total of 38 companies, including JT Dining Service Inc., were excluded from the scope of consolidation due to the mergers with other consolidated subsidiaries or other reasons. A total of three companies, including Hans Continental Smallgoods Pty. Ltd., were excluded from the scope of consolidation as JT lost its controlling interests in those companies with commencements of procedures for business liquidation, etc. with a view to dissolutions. Former subsidiary Advance Support Co., Ltd. was accounted for by the equity method due to the decrease of JT's voting rights as a result of sales of investments in the company.

Respective amounts in aggregate of total assets, net sales, net income and retained earnings of non-consolidated subsidiaries do not have a material impact on the consolidated financial statements. For this reason, these companies are excluded from the scope of consolidation.

Changes in accounting policies

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

Effective from April 1, 2008, JT applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006), and adjusted necessary items in the consolidation process.

As a result of this change, operating income, ordinary income and income before income taxes and minority interests for the current fiscal year decreased by ¥ 94,235 million respectively, and as of April 1, 2008, retained earnings decreased by ¥193,658 million as JT amortized goodwill posted at consolidated foreign subsidiaries. Also, income before income taxes and minority interests for the current fiscal year decreased by ¥911 million respectively, as JT posted the retrospective adjustment in the consolidated financial statement of income. The adjustment was caused by an accounting policy change in foreign subsidiaries as a result of a change of U.S. GAAP.

The effects on segment information are described at relevant portion.

(Accounting Standard for Lease Transactions and related regulations)

The accounting treatment before the change for finance lease transactions not involving the transfer of ownership followed the same method as the accounting treatment for operating lease transactions. However, effective from April 1, 2008, JT applied the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]), and the accounting treatment as the acquisition of an asset and the incurrence of an obligation by the lessee and as a sale by the lessor.

Also, the accounting treatment for finance lease transactions not involving the transfer of ownership commenced before the previous fiscal year involves recording lease assets as if acquired at the beginning of the fiscal year, where the present value of future minimum lease payments as of the end of the previous fiscal year (after deducting the interest amount) is the acquisition cost.

The impact of this change on operating income, ordinary income and income before income taxes and minority interests is immaterial.

Additional information

(Changes in useful lives of property, plant and equipment)

The useful lives of property, plant and equipment with respect to JT and its domestic consolidated subsidiaries was changed as a result of the use review of these assets in conjunction with the revision of the Corporate Tax Act. As an example, the useful lives of tobacco manufacturing facilities, which are JT's main machinery and equipment, was changed from 8 years to 10 years.

The impact of this change on operating income, ordinary income and income before income taxes and minority interests is immaterial.

Furthermore, details other than those described above are omitted as there have been no other material changes since JT's latest Securities Report (submitted June 24, 2008).

(6) Notes to consolidated financial statements

(Segment information)

a. Operations by industry segment

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
I. Net sales and operating income (loss)								
Net sales								
(1) Sales to customers	3,362,397	2,639,968	49,063	336,420	21,876	6,409,726	-	6,409,726
(2) Intersegment sales or transfers	48,980	35,341	-	115	22,331	106,768	(106,768)	-
Total	3,411,378	2,675,309	49,063	336,535	44,207	6,516,495	(106,768)	6,409,726
Operating expenses	3,189,030	2,469,949	58,707	335,868	33,759	6,087,316	(108,143)	5,979,173
Operating income (loss)	222,347	205,359	(9,643)	666	10,448	429,179	1,374	430,553
II. Assets, depreciation and amortization other than goodwill, impairment loss and capital expenditures								
Assets	847,123	3,804,413	111,422	353,283	90,000	5,206,242	(119,028)	5,087,214
Depreciation and amortization other than goodwill	83,290	65,397	3,374	4,891	11,606	168,559	(900)	167,658
Impairment loss	344	345	-	380	-	1,069	2,755	3,825
Capital expenditures	57,201	48,430	4,257	6,033	14,792	130,715	(1,160)	129,554

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
I. Net sales and operating income (loss)								
Net sales								
(1) Sales to customers	3,200,493	3,118,318	56,757	435,966	20,770	6,832,307	-	6,832,307
(2) Intersegment sales or transfers	48,389	40,631	-	132	12,043	101,197	(101,197)	-
Total	3,248,883	3,158,949	56,757	436,099	32,814	6,933,505	(101,197)	6,832,307
Operating expenses	3,060,625	2,984,177	55,737	447,550	23,119	6,571,210	(102,709)	6,468,501
Operating income (loss)	188,258	174,772	1,020	(11,450)	9,694	362,294	1,511	363,806
II. Assets, depreciation and amortization other than goodwill, impairment loss and capital expenditures								
Assets	788,672	2,700,098	111,518	332,669	87,433	4,020,393	(140,590)	3,879,803
Depreciation and amortization other than goodwill	82,933	68,960	3,870	18,293	3,455	177,512	(612)	176,899
Impairment loss	-	-	-	3,829	-	3,829	12,534	16,364
Capital expenditures	46,506	59,776	3,425	23,201	1,128	134,037	234	134,272

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, markets that are under the control of our 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 amounts of unallocated assets included in “Elimination and corporate” on the “Assets” row are as follows. Major

components are the surplus funds (cash and deposits, and short-term investment securities), the long-term investment funds (part of investment securities), the assets pertaining to basic research and the land not used for businesses.

(Fiscal year ended March 31, 2008) ¥99,421 million

(Fiscal year ended March 31, 2009) ¥96,835 million

4. The following table shows amortization of goodwill amounts by industry segment which are included in operating expenses for the fiscal year ended March 31, 2008 and fiscal year ended March 31, 2009.

(Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Consolidated total
Fiscal year ended March 31, 2008	1,088	-	-	2,794	-	3,883
Fiscal year ended March 31, 2009	1,088	94,235	-	10,187	-	105,511

5. 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 as follows.

   (Fiscal year ended March 31, 2008) ¥1,193,178 million

   (Fiscal year ended March 31, 2009) ¥1,135,319 million

6. With respect to the international tobacco segment, as the closing date of the accounting period of international consolidated subsidiaries including JT International S.A., the core company of this segment, is set on December 31, operating results from January 1, 2007 to December 31, 2007 have been included in the fiscal year ended March 31, 2008 and those from January 1, 2008 to December 31, 2008 have been included in the fiscal year ended March 31, 2009.

7. Changes in accounting policies

   (Fiscal year ended March 31, 2009)

   Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

   Effective from April 1, 2008, JT applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006) as described in "(5) Significant preparation policy of consolidated financial statements" of "Consolidated financial statements." As a result of this change, the operating income for the international tobacco segment for the current fiscal year decreased by ¥94,235 million as compared to the case where the previous method was adopted.

b. Operations by geographical segment

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Japan	Western Europe	Others	Total	Elimination and corporate	Consolidated
I. Net sales and operating income (loss)						
Net sales						
(1) Sales to customers	3,711,762	1,678,769	1,019,194	6,409,726	-	6,409,726
(2) Intersegment sales or transfers	52,308	181,062	29,211	262,582	(262,582)	-
Total	3,764,071	1,859,832	1,048,405	6,672,309	(262,582)	6,409,726
Operating expenses	3,541,731	1,803,896	897,007	6,242,635	(263,462)	5,979,173
Operating income	222,339	55,936	151,398	429,674	879	430,553
II. Assets	1,160,749	3,436,184	420,169	5,017,103	70,110	5,087,214

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Japan	Western Europe	Others	Total	Elimination and corporate	Consolidated
I. Net sales and operating income (loss)						
Net sales						
(1) Sales to customers	3,672,003	2,038,028	1,122,275	6,832,307	-	6,832,307
(2) Intersegment sales or transfers	53,334	223,871	39,185	316,391	(316,391)	-
Total	3,725,338	2,261,900	1,161,461	7,148,699	(316,391)	6,832,307
Operating expenses	3,538,898	2,286,087	961,828	6,786,815	(318,314)	6,468,501
Operating income (loss)	186,439	(24,187)	199,632	361,883	1,922	363,806
II. Assets	1,083,961	2,378,679	351,079	3,813,720	66,082	3,879,803

Notes: 1. Geographical segments are categorized based on geographical proximity.

2. Countries or regions belonging to the segments other than Japan

   a. Western Europe: Switzerland, United Kingdom, Germany

   b. Others: Canada, Russia, Malaysia

3. The amount and details of unallocated assets included in “Elimination and corporate” on the “Assets” row is same as “Note 3.” of “a. Operations by industry segment.”

4. Changes in accounting policies

   (Fiscal year ended March 31, 2009)

   Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

   Effective from April 1, 2008, JT applied the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18, May 17, 2006) as described in “(5) Significant preparation policy of consolidated financial statements” of “Consolidated financial statements.” As a result of this change, the operating income for the Western Europe segment for the current fiscal year decreased by ¥94,235 million as compared to the case where the previous method was adopted.

   Furthermore, the following table shows amortization of goodwill amounts by geographical segment which are included in operating expenses for the fiscal year ended March 31, 2009.

(Millions of yen)

	Japan	Western Europe	Others	Consolidated total
Fiscal year ended March 31, 2009	11,276	94,235	-	105,511

c. Overseas sales

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

			Western Europe	Others	Total
I.	Overseas sales	(Millions of yen)	1,634,920	1,070,540	2,705,461
II.	Consolidated sales	(Millions of yen)			6,409,726
III.	Percentage of overseas sales	(%)	25.5	16.7	42.2

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

			Western Europe	Others	Total
I.	Overseas sales	(Millions of yen)	2,002,738	1,177,113	3,179,852
II.	Consolidated sales	(Millions of yen)			6,832,307
III.	Percentage of overseas sales	(%)	29.3	17.2	46.5

Notes: 1. Overseas sales figures consist of sales of JT and its consolidated subsidiaries in countries or regions outside Japan.
2. Geographical segments are categorized based on geographical proximity.
3. Countries or regions belonging to the segments
a. Western Europe: Switzerland, United Kingdom, Germany
b. Others: Canada, Russia, Malaysia

(Per share information)

Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2009	
Net assets per share	¥216,707.27	Net assets per share	¥162,087.74
Net income per share	¥24,916.51	Net income per share	¥12,880.90
Diluted net income per share	¥24,916.26	Diluted net income per share	¥12,879.77

Note: Reconciliation of the differences between basic and diluted net income per share is as follows:

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net income per share		
Net income (Millions of yen)	238,702	123,400
Amounts not available to common shareholders (Millions of yen)	-	-
Net income available to common shareholders (Millions of yen)	238,702	123,400
Average number of common shares during the period (Thousands of shares)	9,580	9,580
Diluted net income per share		
Dilutive effects (Millions of yen)	-	-
Number of increased common shares (Thousands of shares)	0	0
(Subscription rights to shares included (Thousands of shares))	(0)	(0)
Dilutive shares which are not included in the calculation of diluted net income per share as they have no dilutive effects	-	-

(Omission of disclosure)

Notes relating to lease transactions, related party transactions, income taxes, derivatives, retirement benefits, stock option and business combinations are omitted considering their minor significance on the Financial Results report.

(Additional information)

1. In July 2004, ZAO JTI Marketing and Sales (“M&S Corp.”), a Russian consolidated subsidiary, received an assessment from the Moscow tax authorities in which it was ordered to pay approximately 2.4 billion rubles (approximately ¥6.9 billion) for the period from January to December 2000. The amount includes unpaid taxes (VAT, etc.), interest and additional taxes.

   Believing that the assessment by the Moscow tax authorities was based upon a misinterpretation of facts, M&S Corp. filed a lawsuit with the Moscow Arbitration Court seeking to invalidate the assessment. Although the court of first instance, the Court of Appeals and the Court of Cassation dismissed M&S Corp.’s argument, the Russian Federation Higher Arbitration Court reversed the lower courts’ judgments and remanded the case to the court of first instance in April 2006. In October 2007, the court of first instance rendered judgment upholding M&S Corp.’s argument and invalidated the tax assessment, and both the Court of Appeals and the Court of Cassation dismissed the appeal by the tax authorities and upheld M&S Corp.’s argument in February and May 2008, respectively. In October of that year, Russian Federation Higher Arbitration Court refused to take the appeal by the tax authorities and the case is now closed.

2. On July 11, 2008, the Office of Fair Trading (OFT), the UK competition authority, announced that Gallaher Group Ltd. (former Gallaher Group Plc) and Gallaher Ltd. (together, hereinafter, “Gallaher”), JT’s tobacco subsidiaries in the United Kingdom, have concluded an early resolution agreement with the OFT. Gallaher has agreed to pay a fine for anti-competitive business practices relating to the retail pricing of tobacco products in the UK market during the period prior to JT’s acquisition of Gallaher.

   In August 2003, the OFT notified Gallaher of an inquiry into vertical agreements between manufacturers and retailers in the UK cigarette, tobacco and tobacco-related markets. Since that time Gallaher has been fully cooperating with the OFT regarding the investigation. Regarding this matter, the OFT issued a statement of objections on April 25, 2008. Following a careful and comprehensive review of the document, the JT Group decided to conclude an early resolution agreement with the OFT, which JT believes best serves the interests of all parties involved.

   A certain amount, based on the company’s assumptions about the fine, has been booked as noncurrent liabilities in the purchase price allocation related to JT’s acquisition of Gallaher Group Plc (now Gallaher Group Ltd.). In the Balance Sheet for the current fiscal year, the amount is included in current liabilities and noncurrent liabilities. This agreement requires us the cooperation with the OFT regarding the investigation. The fine of approximately £93 million (approximately ¥13.0 billion) to Gallaher is scheduled to be finally decided after such investigation has been completed. In cases where the payment amount is decided as the fine amount specified in this agreement, the difference between such fine and the liability already posted, approximately £71 million (approximately ¥10.0 billion), will be recorded as extraordinary income.

   While the agreement reached with the OFT relates only to Gallaher’s past business activities prior to JT’s acquisition of the Gallaher group of companies, JT considers that compliance with all applicable laws in each market in which it operates is of the utmost importance. JT will continue to enhance efforts to ensure compliance of the whole group of companies.

(Important subsequent events)

JT’s board of directors decided on April 30, 2009 that the company would close three cigarette factories in Japan. The Morioka factory and the Yonago factory will cease to manufacture at the end of March 31, 2010, and the Odawara factory cease to manufacture at the end of March 31, 2011.

The impact of the initiative on the company’s financial position has not yet been established.

5. Non-consolidated financial statements

(1) Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	4,759	7,090
Accounts receivable-trade	50,447	49,446
Merchandise and finished goods	21,791	21,266
Semi-finished goods	120,091	118,789
Work in process	4,091	3,706
Raw materials and supplies	38,587	37,506
Advance payments-trade	44	195
Prepaid expenses	4,173	4,940
Deferred tax assets	18,036	15,317
Other	13,552	21,918
Allowance for doubtful accounts	(15)	(175)
Total current assets	275,559	280,004
Noncurrent assets		
Property, plant and equipment		
Buildings	452,370	422,323
Accumulated depreciation	(304,663)	(293,778)
Buildings, net	147,707	128,545
Structures	24,275	22,395
Accumulated depreciation	(19,819)	(18,555)
Structures, net	4,455	3,839
Machinery and equipment	334,071	334,208
Accumulated depreciation	(272,233)	(268,085)
Machinery and equipment, net	61,837	66,122
Vehicles	924	2,527
Accumulated depreciation	(840)	(1,077)
Vehicles, net	84	1,449
Tools, furniture and fixtures	58,482	97,368
Accumulated depreciation	(48,159)	(66,613)
Tools, furniture and fixtures, net	10,322	30,754
Land	105,784	101,025
Construction in progress	6,439	6,833
Total property, plant and equipment	336,631	338,571
Intangible assets		
Goodwill	10,313	5,156
Patent right	561	451
Leasehold right	126	126
Right of trademark	34,207	4,904
Design right	20	17
Software	11,886	10,639
Other	182	165
Total intangible assets	57,299	21,461

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Investments and other assets		
Investment securities	64,466	39,893
Stocks of subsidiaries and affiliates	2,082,509	2,096,524
Investments in capital of subsidiaries and affiliates	2,877	782
Long-term loans receivable	310	7,294
Long-term loans receivable from subsidiaries and affiliates	20,640	1,212
Long-term prepaid expenses	5,309	6,514
Deferred tax assets	45,800	51,166
Other	22,408	21,619
Allowance for doubtful accounts	(11,302)	(7,715)
Total investments and other assets	2,233,018	2,217,293
Total noncurrent assets	2,626,949	2,577,325
Total assets	2,902,509	2,857,330
Liabilities		
Current liabilities		
Accounts payable-trade	15,060	13,592
Short-term loans payable from cash management system	235,118	184,123
Current portion of bonds	-	150,000
Current portion of long-term loans payable	202	20,200
Lease obligations	-	14,041
Accounts payable-other	52,245	41,805
Accrued expenses	3,142	2,822
National tobacco excise taxes payable	47,207	45,357
National tobacco special excise taxes payable	10,898	10,470
Local tobacco excise taxes payable	57,773	55,847
Income taxes payable	44,031	29,623
Accrued consumption taxes	11,469	8,148
Advances received	144	84
Deposits received	641	679
Unearned revenue	199	200
Provision for bonuses	13,056	12,990
Other	2,272	1,171
Total current liabilities	493,466	591,159
Noncurrent liabilities		
Bonds payable	299,991	149,994
Long-term loans payable	80,760	60,560
Lease obligations	-	8,404
Provision for retirement benefits	200,120	191,264
Lease and guarantee deposits received	7,969	8,567
Long-term accounts payable-other	3,474	1,937
Total noncurrent liabilities	592,316	420,726
Total liabilities	1,085,782	1,011,886

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus		
Legal capital surplus	736,400	736,400
Total capital surpluses	736,400	736,400
Retained earnings		
Legal retained earnings	18,776	18,776
Other retained earnings		
Reserve for reduction entry	46,180	44,734
Special account for reduction entry	3,833	2,413
General reserve	836,300	916,300
Retained earnings brought forward	130,639	93,326
Total retained earnings	1,035,729	1,075,550
Treasury stock	(74,578)	(74,578)
Total shareholders' equity	1,797,551	1,837,372
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	18,578	7,627
Deferred gains or losses on hedges	411	79
Total valuation and translation adjustments	18,990	7,706
Subscription rights to shares	185	364
Total net assets	1,816,727	1,845,443
Total liabilities and net assets	2,902,509	2,857,330

(2) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net sales	2,302,704	2,173,552
Cost of sales		
Beginning merchandise and finished goods	22,751	21,791
Cost of products manufactured	316,673	300,988
Cost of purchased goods	31,246	5,312
National tobacco excise taxes	588,953	561,359
National tobacco special excise taxes	135,963	129,591
Local tobacco excise taxes	724,915	690,943
Transfer to other account	743	2,796
Ending merchandise and finished goods	21,791	21,266
Cost of sales on real estate business	4,686	4,323
Total cost of sales	1,802,655	1,690,247
Gross profit	500,048	483,305
Selling, general and administrative expenses		
Advertising expenses	12,222	13,226
Promotion expenses	66,354	52,224
License fee	1,263	1,812
Transportation and warehousing expenses	22,173	20,164
Compensations, salaries and allowances	30,914	32,219
Retirement benefit expenses	4,333	5,432
Legal welfare expenses	5,486	5,764
Employees' bonuses	7,294	7,633
Provision for bonuses	7,678	7,429
Business consignment expenses	29,367	25,834
Depreciation	44,377	63,251
Research and development expenses	40,442	41,895
Other	39,531	38,729
Total selling, general and administrative expenses	311,439	315,617
Operating income	188,608	167,687
Non-operating income		
Interest income	1,043	348
Dividends income	7,733	3,616
Rent income from subsidiaries and affiliates	1,077	989
Settlement revenue on acquisition expenses	1,735	-
Other	3,777	3,507
Total non-operating income	15,367	8,460

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Non-operating expenses		
Interest expenses	2,866	3,418
Interest on bonds	3,984	4,700
Foreign exchange losses	7,340	2,337
Financial support for domestic leaf tobacco growers	2,004	768
Periodic mutual assistance association cost	2,333	2,024
Provision of allowance for doubtful accounts	4,606	49
Other	3,081	2,648
Total non-operating expenses	26,217	15,947
Ordinary income	177,757	160,200
Extraordinary income		
Gain on sales of land	63,092	45,576
Gain on sales of noncurrent assets	2,969	3
Other	1,998	182
Total extraordinary income	68,059	45,762
Extraordinary loss		
Loss on sales of noncurrent assets	3,113	1,806
Loss on retirement of noncurrent assets	4,774	10,119
Impairment loss	2,755	12,534
Loss on transfer of business	-	9,863
Introduction costs for vending machines with adult identification functions	12,878	13,468
Costs related to the recall of frozen foods products	5,523	-
Other	756	10,997
Total extraordinary losses	29,802	58,791
Income before income taxes	216,014	147,172
Income taxes-current	71,031	52,588
Income taxes-deferred	13,837	4,946
Total income taxes	84,869	57,535
Net income	131,145	89,637

(3) Non-consolidated statements of changes in net assets

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	100,000	100,000
Balance at the end of current period	100,000	100,000
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	736,400	736,400
Balance at the end of current period	736,400	736,400
Total capital surplus		
Balance at the end of previous period	736,400	736,400
Balance at the end of current period	736,400	736,400
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	18,776	18,776
Balance at the end of current period	18,776	18,776
Other retained earnings		
Reserve for special depreciation		
Balance at the end of previous period	7	-
Changes of items during the period		
Reversal of reserve for special depreciation	(7)	-
Total changes of items during the period	(7)	-
Balance at the end of current period	-	-
Reserve for reduction entry		
Balance at the end of previous period	46,204	46,180
Changes of items during the period		
Provision of reserve for reduction entry	5,228	5,415
Reversal of reserve for reduction entry	(5,253)	(6,862)
Total changes of items during the period	(24)	(1,446)
Balance at the end of current period	46,180	44,734
Special account for reduction entry		
Balance at the end of previous period	3,181	3,833
Changes of items during the period		
Provision of reserve for special account for reduction entry	3,833	2,413
Reversal of reserve for special account for reduction entry	(3,181)	(3,833)
Total changes of items during the period	651	(1,419)
Balance at the end of current period	3,833	2,413
General reserve		
Balance at the end of previous period	743,300	836,300
Changes of items during the period		
Provision of general reserve	93,000	80,000
Total changes of items during the period	93,000	80,000
Balance at the end of current period	836,300	916,300

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Retained earnings brought forward		
Balance at the end of previous period	135,266	130,639
Changes of items during the period		
Reversal of reserve for special depreciation	7	-
Provision of reserve for reduction entry	(5,228)	(5,415)
Reversal of reserve for reduction entry	5,253	6,862
Provision of reserve for special account for reduction entry	(3,833)	(2,413)
Reversal of reserve for special account for reduction entry	3,181	3,833
Provision of general reserve	(93,000)	(80,000)
Dividends from surplus	(42,152)	(49,816)
Net income	131,145	89,637
Total changes of items during the period	(4,626)	(37,313)
Balance at the end of current period	130,639	93,326
Total retained earnings		
Balance at the end of previous period	946,737	1,035,729
Changes of items during the period		
Reversal of reserve for special depreciation	-	-
Provision of reserve for reduction entry	-	-
Reversal of reserve for reduction entry	-	-
Provision of reserve for special account for reduction entry	-	-
Reversal of reserve for special account for reduction entry	-	-
Provision of general reserve	-	-
Dividends from surplus	(42,152)	(49,816)
Net income	131,145	89,637
Total changes of items during the period	88,992	39,820
Balance at the end of current period	1,035,729	1,075,550
Treasury stock		
Balance at the end of previous period	(74,578)	(74,578)
Balance at the end of current period	(74,578)	(74,578)
Total shareholders' equity		
Balance at the end of previous period	1,708,558	1,797,551
Changes of items during the period		
Dividends from surplus	(42,152)	(49,816)
Net income	131,145	89,637
Total changes of items during the period	88,992	39,820
Balance at the end of current period	1,797,551	1,837,372

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	29,928	18,578
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,349)	(10,951)
Balance at the end of current period	18,578	7,627
Deferred gains or losses on hedges		
Balance at the end of previous period	14,580	411
Changes of items during the period		
Net changes of items other than shareholders' equity	(14,168)	(331)
Balance at the end of current period	411	79
Total valuation and translation adjustments		
Balance at the end of previous period	44,508	18,990
Changes of items during the period		
Net changes of items other than shareholders' equity	(25,518)	(11,283)
Balance at the end of current period	18,990	7,706
Subscription rights to shares		
Balance at the end of previous period	-	185
Changes of items during the period		
Net changes of items other than shareholders' equity	185	179
Balance at the end of current period	185	364
Total net assets		
Balance at the end of previous period	1,753,067	1,816,727
Changes of items during the period		
Dividends from surplus	(42,152)	(49,816)
Net income	131,145	89,637
Net changes of items other than shareholders' equity	(25,332)	(11,104)
Total changes of items during the period	63,659	28,716
Balance at the end of current period	1,816,727	1,845,443

(4) Notes for non-consolidated financial statements

(Important subsequent events)

JT's board of directors decided on April 30, 2009 that the company would close three cigarette factories in Japan. The Morioka factory and the Yonago factory will cease to manufacture at the end of March 31, 2010, and the Odawara factory cease to manufacture at the end of March 31, 2011.

The impact of the initiative on the company's financial position has not yet been established.

Supplementary Material

JT's New Executive Appointments

Members of the Board

Subject to approval at the Annual General Meeting of Shareholders, to be held on June 23, 2009.

Chairman of the Board	Yoji Wakui
Representative Director	Hiroshi Kimura
Representative Director	Munetaka Takeda
Representative Director	Masaaki Sumikawa
Representative Director	Mitsuomi Koizumi
Representative Director	Masakazu Shimizu
Member of the Board	Noriaki Okubo
Member of the Board	Sadao Furuya
Member of the Board	Yasushi Shingai

Auditors

Subject to approval at the Annual General Meeting of Shareholders, to be held on June 23, 2009.

Standing Auditor	Hisao Tateishi
Standing Auditor	Gisuke Shiozawa
Auditor	Takanobu Fujita
Auditor	Koichi Ueda

Executive Officers

Subject to approval at the meeting of the Board of Directors, to be held on June 23, 2009.

President	Chief Executive Officer	Hiroshi Kimura
Executive Deputy President	Assistant to CEO in Compliance, Finance and Food Business	Munetaka Takeda
Executive Deputy President	Assistant to CEO in Strategy, HR, Legal, Operational Review and Business Assurance	Masaaki Sumikawa
Executive Deputy President	President, Tobacco Business	Mitsuomi Koizumi
Executive Deputy President	Chief Communications Officer and Assistant to CEO in CSR and General Administration	Masakazu Shimizu
Senior Executive Vice President	President, Pharmaceutical Business	Noriaki Okubo
Senior Executive Vice President	Chief Legal Officer	Ryuichi Shimomura
Executive Vice President	Chief Marketing & Sales Officer, Tobacco Business	Yoshihisa Fujisaki
Executive Vice President	Chief R&D Officer, Tobacco Business	Tadashi Iwanami
Executive Vice President	Head of Manufacturing General Division, Tobacco Business	Kenji Iijima
Executive Vice President	President, Food Business	Sadao Furuya
Executive Vice President	Chief Strategy Officer	Mutsuo Iwai
Senior Vice President	Deputy R&D Officer, Tobacco Business	Hirotoshi Maejima

Senior Vice President	Head of Domestic Leaf Tobacco General Division, Tobacco Business	Shinichi Murakami
Senior Vice President	Head of China Division, Tobacco Business	Atsuhiro Kawamata
Senior Vice President	Head of Tobacco Business Planning Division and Chief Corporate, Scientific & Regulatory Affairs Officer, Tobacco Business	Akira Saeki
Senior Vice President	Head of Central Pharmaceutical Research Institute, Pharmaceutical Business	Junichi Haruta
Senior Vice President	Head of Soft Drink Business Division, Food Business	Ryoko Nagata
Senior Vice President	Chief Human Resources Officer	Satoshi Matsumoto
Senior Vice President	Chief Financial Officer	Hideki Miyazaki
Senior Vice President	Chief General Affairs Officer	Ryoji Chijiiwa