

[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.]

Overview of Financial Results for the 24th Term Ended March 31, 2009

The financial statements for the 24th term (from April 1, 2008 to March 31, 2009), as resolved by the Board of Directors at a meeting held on April 30, 2009 and publicized thereon, are as follows.

Please note that amounts are rounded down to the nearest ¥1 million.

These financial statements were not prepared in accordance with the “Regulation for Terminology, Forms and Preparation of Financial Statements” (Ministry of Finance Ordinance No. 59 of 1963).

No audit report was received due to the non-completion of the audit by the auditing firm as provided in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

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.