[This is an English translation prepared for convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

February 9, 2010

Consolidated Financial Results for the Nine Months Ended December 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
Contact: Yuki Maeda, Vice President, Media & Investor Relations Division
Telephone: +81-3-3582-3111
Scheduled date to file Quarterly Securities Report: February 12, 2010
Scheduled starting date of the dividend payments: -

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

1. Consolidated financial results for the nine months of the fiscal year ending March 31, 2010 (from April 1, 2009 to December 31, 2009)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2009	4,651,891	(13.0)	252,542	(23.4)	215,609	(19.9)	106,926	(18.7)
December 31, 2008	5,346,145	-	329,654	-	269,024	-	131,454	-

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2009	11,161.33	11,159.28
December 31, 2008	13,721.65	13,720.79

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2009	3,917,855	1,668,296	40.7	166,437.71
March 31, 2009	3,879,803	1,624,288	40.0	162,087.74

Reference: Equity:
As of December 31, 2009: ¥1,594,489 million; As of March 31, 2009: ¥1,552,813 million

2. Cash dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2009	-	2,600.00	-	2,800.00	5,400.00
Year ending March 31, 2010	-	2,800.00	-		
Year ending March 31, 2010 (Forecast)				2,800.00	5,600.00

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

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
Year ending March 31, 2010	6,130,000	(10.3)	283,000	(22.2)	246,000	(20.0)	122,000	(1.1)	12,734.74

Note: Revision of the forecasts in the current quarter: Yes

4. Others

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

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

Note: For more details, please refer to the section of "4. Others (2) Application of simplified accounting and special accounting for preparing the consolidated quarterly financial statements" on page 9.

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

a. Changes due to revisions to accounting standards and other regulations: None

b. Changes due to other reasons: None

(4) Number of issued shares (common stock)

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

As of December 31, 2009	10,000,000 shares
As of March 31, 2009	10,000,000 shares

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

As of December 31, 2009	419,903 shares
As of March 31, 2009	419,920 shares

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

Nine months ended December 31, 2009	9,580,090 shares
Nine months ended December 31, 2008	9,580,080 shares

* 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 due to various factors. Please refer to "Caution concerning forward-looking statements" on page 9 and the supplementary document "Overview of Consolidated Financial Results for Q3 FY 3/2010 and Full-term Forecasts for FY 3/2010" for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecasts.

Qualitative Information and Financial Statements

1. Qualitative information regarding consolidated financial results

a. General summary

Operation during the nine months ended December 31, 2009

The global economy during the nine months ended December 31, 2009 continued to be severe as the harsh employment situation continued in Europe, a major market of JT Group, and the U.S. despite signs of a recovery mostly in Asia due to effects of economic stimulus measures in countries around the world. The Japanese economy, notwithstanding positive movements in exports and production, also continued on a stringent path as corporate earnings declined and the employment situation deteriorated.

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

Please note that the closing date of the third quarter accounting period of the consolidated subsidiaries classified in the international tobacco business segment is September 30, and their financial results used for the consolidated third quarter results are for the nine months from January 1 to September 30, 2009.

Net sales

Net sales declined by ¥694.2 billion, or 13.0%, from the same period of the previous fiscal year to ¥4.6518 trillion. Major factors were a decline in the sales volume as a result of a fall in aggregate demand on the domestic tobacco business and a negative impact from currency exchange in the international tobacco business.

	Nine months ended December 2008	Nine months ended December 2009	Change	
	Billions of yen	Billions of yen	Billions of yen	%
Consolidated	5,346.1	4,651.8	(694.2)	(13.0)
Domestic tobacco business	2,478.1	2,352.9	(125.1)	(5.1)
International tobacco business	2,456.9	1,946.5	(510.3)	(20.8)
Pharmaceutical business	48.1	34.3	(13.7)	(28.6)
Foods business	347.7	303.2	(44.5)	(12.8)
Other business	15.1	14.7	(0.4)	(2.9)

* Net sales figures represent sales to customers.

Operating income

Operating income fell by ¥77.1 billion, or 23.4%, from the same period of the previous fiscal year to ¥252.5 billion. This was due to effects on profit from the non-recurrence of lump-sum revenue from licensing in the pharmaceutical business recorded in the same period of the previous fiscal year, among other factors, although the decrease in operating income as a result of decrease in net sales was partially offset by lower amortization expenses following the completion of the amortization of some trademark rights in the domestic tobacco business.

	Nine months ended December 2008	Nine months ended December 2009	Change	
	Billions of yen	Billions of yen	Billions of yen	%
Consolidated	329.6	252.5	(77.1)	(23.4)
Domestic tobacco business	152.2	163.9	11.7	7.7
International tobacco business	170.5	97.3	(73.1)	(42.9)
Pharmaceutical business	5.8	(9.1)	(14.9)	-
Foods business	(7.8)	(7.3)	0.4	-
Other business	7.3	8.1	0.7	10.7
Elimination/corporate	1.5	(0.3)		

Ordinary income

In the international tobacco business, net non-operating income/expenses improved because of the decrease in interest expenses due to the redemption of bonds, repayment of loans payable and lower interest rates, as well as the offsetting of the foreign exchange losses resulting from exchange hedging activities effected in the course of business by the margin of decrease in foreign exchange losses relating to the period-end valuation of the liabilities of consolidated subsidiaries charged in the same period of the previous fiscal year. However, ordinary income, affected by a decline in operating income, fell ¥53.4 billion, or 19.9%, from the same period of the previous fiscal year to ¥215.6 billion.

Net income

Gain on sales of noncurrent assets dropped, however, net extraordinary income/loss improved because of the absence of the cost accompanying the change in the business scheme in the Philippines and losses related to the demolition of company-owned residences for employees as well as introduction costs for vending machines with adult identification functions recorded for the same period of the previous fiscal year. However, net income, affected by a decline in ordinary income, fell ¥24.5 billion, or 18.7%, from the same period of the previous fiscal year to ¥106.9 billion.

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 secure our competitive advantages over competitors, we are building a strong brand portfolio and working tirelessly to enhance our added-value and quality for the maximization of customer satisfaction as well as build a highly cost efficient business framework.

During the nine months ended December 31, 2009, 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 and the Seven Stars family which are our core brands. These endeavors included the nationwide release of Mild Seven 100's Box, Mild Seven Light 100's Box, Seven Stars Black Charcoal Menthol Box, Winston Light Box and Pianissimo Icene Menthol One, and the nationwide release of Mild Seven Impact One Menthol Box planned in February 2010. Also in March, Camel Menthol Mini will be released in limited regions.

Moreover, JT strengthened and enhanced the Pianissimo family and the Mild Seven family brand value aiming for continuous growth by integrating the Icene and Lucia brands into the Pianissimo brand in January 2010 and changing the design for 15 core products of the Mild Seven family in February.

The sales volume of cigarettes for the domestic tobacco business during the nine months ended December 31, 2009 decreased by 6.2 billion cigarettes, or 5.0%, from the same period of the previous fiscal year to 117.4 billion cigarettes [Note] due to a fall in aggregate demand. However, our market share was 65.0% and net sales per 1,000 cigarettes (tax excluded) was ¥4,056, as a result of the active sales promotion activities and the introduction of new products.

Consequently, net sales for our domestic tobacco business in the nine months ended December 31, 2009 declined by ¥125.1 billion, or 5.1%, from the same period of the previous fiscal year to ¥2.3529 trillion due to a decrease in sales volume. Operating income increased by ¥11.7 billion, or 7.7%, to ¥163.9 billion, due to lower amortization expenses following the completion of the amortization of some trademark rights despite a decline in net sales.

(Note) In addition to the figure stated above, during the nine months ended December 31, 2009, the domestic tobacco business also sold 2.8 billion cigarettes at duty-free shops in Japan, as well as at markets in China, Hong Kong and Macau, markets that are under the control of JT's China Division.

International tobacco business

The international tobacco business is further continuing its role as the profit growth engine for the JT Group. The business will concentrate its resources on the GFB [Note 1] and increase margin rates by improving unit prices, etc. in our quest to actively explore opportunities for top-line growth.

The sales volume of the GFB in the nine months ended December 31, 2009 decreased by 3.1 billion cigarettes, or 1.7%, from the same period of the previous fiscal year to 182.4 billion cigarettes. This was mainly due to effects from an unstable business environment in Iran and the replacement of a license agreement with outsourced manufacturing in the Philippines, despite the steady sales growth of Winston in Italy, France and Turkey and Camel in Italy and Ukraine. The volume of our international tobacco business's cigarette sales including GFB decreased by 12.5 billion cigarettes, or 3.7%, from the same period of the previous fiscal year to 325.6 billion cigarettes [Note 2].

Regarding results for the nine months ended December 31, 2009, net sales for our international tobacco business declined by ¥510.3 billion, or 20.8%, from the same period of the previous fiscal year to ¥1.9465 trillion as a result of the devaluation of the currencies of major markets against the U.S. dollar, which is used by the subsidiary which consolidates the accounts of the subsidiaries in the international tobacco business, compared to the same period in the previous fiscal year, compounded by the effects of a high yen when making conversions to that currency. Operating income fell by ¥73.1 billion, or 42.9%, to ¥97.3 billion as a result of an increase in manufacturing costs in the wake of an increase in the price of leaf tobacco in addition to the above currency exchange effects.

(Note 1) We have identified eight brands which serve as flagships of the brand portfolio, Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour, which we collectively call the Global Flagship Brands (GFB).

(Note 2) From the current fiscal year, the sales volume of the international tobacco business's cigarette sales includes the sales volume of cigars, pipes and snus. For the nine months ended December 31, 2009, the sales volume of cigars, pipes and snus was 0.5 billion. Also, the sales volume of private label products, mainly for the German market and previously included in the sales volume of the international tobacco business's cigarette sales, was excluded from the current fiscal year. The sales volume of private label products was 3.3 billion for the nine months ended December 31, 2009.

* The foreign exchange rate in the nine months ended December 31, 2009 was ¥94.96 per U.S. dollar, compared with ¥105.84 per U.S. dollar in the same period of the previous fiscal year.

Pharmaceutical business

In the pharmaceutical business, we 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. The number of compounds developed in-house that are under clinical development is now 10, as anti-Hepatitis C compound JTK-853 has advanced to the clinical trial stage.

Also, we will continue to explore strategic opportunities for outlicensing and inlicensing and strengthen alliances with business partners so that we can realize the value of the pharmaceutical business at an early date.

Regarding the business performance by our subsidiary Torii Pharmaceutical Co., Ltd. (“Torii”), despite the decline in sales of FUTHAN for injection use, a protease inhibitor, in March 2009, Torii began selling REMITCH CAPSULES, an oral antiprutitus drug for hemodialysis patients, and enjoyed growth in sales for Truvada Tablets, an anti-HIV drug, and Serotone, an agent used for the treatment of emesis, leading to an increase in sales.

Consequently, net sales for our pharmaceutical business declined by ¥13.7 billion, or 28.6%, from the same period of the previous fiscal year to ¥34.3 billion and an operating loss was ¥9.1 billion, compared with operating income of ¥5.8 billion in the same period of the previous fiscal year. This is mainly due to the non-recurrence of lump-sum revenue from licensing to Merck (U.S.) in November 2008 of JTT-305, a calcium sensing receptor (CaSR) antagonist and milestone revenue related to the progress made in the development of anti-dyslipidemia compound JTT-705, licensed to Roche in October 2004, which were recorded during the same period of the previous fiscal year, despite the increase in sales from Torii.

Foods business

The foods business is 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 are further strengthening our flagship Roots brand and expanding our sales channels, mainly through our subsidiary, Japan Beverage Inc., a vending machine operator, steadily expanding our business through these measures and promoting efforts to bolster our earning capabilities.

Regarding the processed foods and seasonings sectors, we are working to expand the business volume and establish a strong business foundation by propping up each value chain function within the TableMark (Note) Group.

Consequently, net sales for our foods business declined by ¥44.5 billion, or 12.8%, from the same period of the previous fiscal year to ¥303.2 billion due to our withdrawal from chilled processed foods and the exclusion from the scope of consolidation of some subsidiaries. Concerning profits, the foods business had an operating loss of ¥7.3 billion, compared with an operating loss of ¥7.8 billion in the same period of the previous fiscal year, because of effect of cost reduction despite the impact of amortization of goodwill following the additional purchase of shares of the subsidiary Green Foods Co., Ltd. by Katokichi Co., Ltd. (now TableMark Co., Ltd.) in June 2009.

(Note) TableMark Co., Ltd. has changed its company name from Katokichi Co., Ltd. in January 2010.

Other business

Net sales for our other business declined by ¥0.4 billion, or 2.9%, from the same period of the previous fiscal year to ¥14.7 billion and operating income increased by ¥0.7 billion, or 10.7%, to ¥8.1 billion.

2. Qualitative information regarding consolidated financial position

Cash and cash equivalents at the end of the nine months the nine months ended December 31, 2009 stood at ¥136.4 billion, representing a ¥30.8 billion decrease from the end of the previous fiscal year. (Cash and cash equivalents at the end of the nine months of the previous fiscal year was ¥257.0 billion.)

Cash flows from operating activities

Net cash provided by operating activities during the nine months the nine months ended December 31, 2009 was ¥283.3 billion, compared with ¥358.7 billion provided in the same period of the previous fiscal year, affected by increases in inventories resulting from higher leaf tobacco prices and purchases volume in the international tobacco business despite the generation of a stable cash inflow from the tobacco business.

Cash flows from investing activities

Net cash used in investing activities during the nine months the nine months ended December 31, 2009 was ¥65.3 billion, compared with ¥31.6 billion used in the same period of the previous fiscal year, due to the purchase of property, plant and equipment despite proceeds from sales of abandoned company-owned residences for employees.

Cash flows from financing activities

Net cash used in financing activities during the nine months the nine months ended December 31, 2009 was ¥254.1 billion, compared with ¥260.5 billion used in the same period of the previous fiscal year. The main factors were cash used for the redemption of bonds, repayment of long-term loans payable and the payment of cash dividends, despite the proceeds from issuance of commercial papers and bonds.

3. Qualitative information regarding consolidated earnings forecasts

JT made a downward revision of the sales volume forecast for the domestic tobacco business by 0.5 billion cigarettes and, despite an expected decrease in sales in the foods business due to effects from the prolongation of sluggish consumption, among other factors, the sales volume in the international tobacco business was revised upwards by 2.9 billion cigarettes and exchange rate assumptions were changed. This resulted in the upward revision of net sales by ¥40.0 billion and of operating income and ordinary income by ¥11.0 billion.

Net income was also revised upward by ¥14.0 billion due to expected improvements in extraordinary income/loss as a result of factors such as the front-loading of the disposal of idle real estate.

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

	Previous forecast (Announced on October 29, 2009)	Current forecast	Change
	Billions of yen	Billions of yen	Billions of yen
Net sales	6,090.0	6,130.0	40.0
Operating income	272.0	283.0	11.0
Ordinary income	235.0	246.0	11.0
Net income	108.0	122.0	14.0

* Principal assumptions

Domestic tobacco business

	Previous forecast	Current forecast
Sales volume	152.5 billion cigarettes	152.0 billion cigarettes

International tobacco business

	Previous forecast	Current forecast
Sales volume	432.0 billion cigarettes	434.9 billion cigarettes
Exchange rate (U.S. dollar)	¥93.00	¥93.65

(Note) Regarding other foreign exchange rates assumed for the previous forecast, 32.25 rubles, 0.65 pounds sterling and 0.73 euros were assumed vis-à-vis the U.S. dollar, respectively. For the current forecast, 31.77 rubles, 0.65 pounds and 0.73 euros were assumed.

(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 of JT. 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 future forecasts, as well as possible changes in the Company’s operations, domestic and foreign economies, stock markets and other conditions. Please refer to the “Caution concerning forward-looking statements” on page 9 before using the information provided in our earnings forecasts.

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation)

No items to report.

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

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

Income taxes-deferred is included in "income taxes."

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

No items to report.

* In addition to the information provided above, reference information regarding settlement of accounts and earnings forecasts is provided in the supplementary document "Overview of Consolidated Financial Results for Q3 FY 3/2010 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.

Consolidated financial statements
(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009 (Summary)
Assets		
Current assets		
Cash and deposits	131,506	164,957
Notes and accounts receivable-trade	327,277	290,068
Short-term investment securities	20,998	4,910
Merchandise and finished goods	145,338	122,970
Semi-finished goods	109,649	119,290
Work in process	5,689	6,561
Raw materials and supplies	291,448	215,334
Other	221,253	174,751
Allowance for doubtful accounts	(3,324)	(3,162)
Total current assets	1,249,837	1,095,682
Noncurrent assets		
Property, plant and equipment	667,122	668,742
Intangible assets		
Goodwill	1,370,195	1,453,961
Right of trademark	348,756	347,372
Other	28,049	30,509
Total intangible assets	1,747,001	1,831,843
Investments and other assets		
Investment securities	89,350	90,230
Other	200,700	234,999
Allowance for doubtful accounts	(36,156)	(41,695)
Total investments and other assets	253,894	283,534
Total noncurrent assets	2,668,018	2,784,121
Total assets	3,917,855	3,879,803
Liabilities		
Current liabilities		
Notes and accounts payable-trade	164,187	158,544
Short-term loans payable	68,771	113,231
Commercial papers	94,000	-
Current portion of bonds	50,922	190,363
Current portion of long-term loans payable	25,285	26,380
National tobacco excise tax payable	253,260	172,986
National tobacco special excise tax payable	20,772	10,470
Local tobacco excise tax payable	171,161	85,541
Income taxes payable	49,172	51,777
Provision	27,812	39,172
Other	236,422	244,936
Total current liabilities	1,161,769	1,093,403

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009 (Summary)
Noncurrent liabilities		
Bonds payable	407,699	349,794
Long-term loans payable	183,390	299,563
Provision for retirement benefits	251,975	259,145
Other provision	664	1,318
Other	244,059	252,289
Total noncurrent liabilities	1,087,789	1,162,111
Total liabilities	2,249,559	2,255,514
Net assets		
Shareholders’ equity		
Capital stock	100,000	100,000
Capital surplus	736,406	736,400
Retained earnings	1,278,267	1,224,989
Treasury stock	(74,575)	(74,578)
Total shareholders’ equity	2,040,098	1,986,810
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,628	8,437
Deferred gains or losses on hedges	-	92
Pension liability adjustment of foreign consolidated subsidiaries	(18,012)	(18,965)
Foreign currency translation adjustment	(438,225)	(423,561)
Total valuation and translation adjustments	(445,609)	(433,997)
Subscription rights to shares	507	364
Minority interests	73,298	71,109
Total net assets	1,668,296	1,624,288
Total liabilities and net assets	3,917,855	3,879,803

(2) Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net sales	5,346,145	4,651,891
Cost of sales	4,332,945	3,801,168
Gross profit	1,013,200	850,722
Selling, general and administrative expenses	683,545	598,179
Operating income	329,654	252,542
Non-operating income		
Interest income	5,379	3,377
Dividends income	1,993	1,720
Other	9,397	5,431
Total non-operating income	16,769	10,528
Non-operating expenses		
Interest expenses	37,940	20,991
Foreign exchange losses	31,877	19,123
Financial support for domestic leaf tobacco growers	764	538
Other	6,816	6,808
Total non-operating expenses	77,398	47,462
Ordinary income	269,024	215,609
Extraordinary income		
Gain on sales of noncurrent assets	40,158	21,762
Other	1,627	5,747
Total extraordinary income	41,785	27,510
Extraordinary loss		
Loss on sales of noncurrent assets	2,031	3,517
Loss on retirement of noncurrent assets	7,849	4,127
Impairment loss	11,705	2,426
Business restructuring costs	19,456	6,599
Other	29,349	9,821
Total extraordinary losses	70,392	26,491
Income before income taxes and minority interests	240,417	216,628
Income taxes	104,511	104,565
Minority interests in income	4,451	5,136
Net income	131,454	106,926

(3) Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	240,417	216,628
Depreciation and amortization	131,227	98,740
Impairment loss	11,705	2,426
Loss (gain) on sales and retirement of noncurrent assets	(36,597)	(15,720)
Amortization of goodwill	80,436	74,428
Increase (decrease) in provision for retirement benefits	(7,741)	(6,176)
Interest and dividends income	(7,372)	(5,097)
Interest expenses	37,940	20,991
Decrease (increase) in notes and accounts receivable-trade	(72,859)	(31,551)
Decrease (increase) in inventories	(70,022)	(93,673)
Increase (decrease) in notes and accounts payable-trade	15,275	3,237
Increase (decrease) in accounts payable-other	(7,686)	(1,239)
Increase (decrease) in tobacco excise taxes payable	214,605	169,918
Other, net	(24,215)	(21,934)
Subtotal	505,114	410,976
Interest and dividends income received	10,557	5,277
Interest expenses paid	(47,499)	(26,907)
Income taxes paid	(109,449)	(106,006)
Net cash provided by (used in) operating activities	358,722	283,340
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(1,391)	(2,997)
Proceeds from sales and redemption of securities	1,911	1,901
Purchase of property, plant and equipment	(74,680)	(81,487)
Proceeds from sales of property, plant and equipment	46,939	28,336
Purchase of intangible assets	(3,707)	(4,577)
Proceeds from sales and redemption of investment securities	2,873	1,431
Purchase of investments in subsidiaries	(7,645)	(1,164)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,060)	(324)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	460	-
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(107)	-
Other, net	6,772	(6,515)
Net cash provided by (used in) investing activities	(31,636)	(65,397)

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term bank loans and commercial papers	(150,826)	48,697
Proceeds from long-term loans payable	24,532	1,655
Repayment of long-term loans payable	(17,925)	(151,846)
Proceeds from issuance of bonds	-	100,304
Redemption of bonds	(62,019)	(191,874)
Cash dividends paid	(49,717)	(53,601)
Proceeds from stock issuance to minority shareholders	-	189
Cash dividends paid to minority shareholders	(3,207)	(3,196)
Repayments of finance lease obligations	-	(4,498)
Other, net	(1,376)	0
Net cash provided by (used in) financing activities	(260,538)	(254,170)
Effect of exchange rate change on cash and cash equivalents	(23,511)	5,416
Net increase (decrease) in cash and cash equivalents	43,036	(30,812)
Cash and cash equivalents at beginning of period	215,008	167,257
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(953)	-
Cash and cash equivalents at end of period	257,091	136,445

(4) Notes on premise of going concern

No items to report.

(5) Segment information

[Business segment information]

Nine months ended December 31, 2008 (From April 1, 2008 to December 31, 2008)

(Millions of yen)

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

Nine months ended December 31, 2009 (From April 1, 2009 to December 31, 2009)

(Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
Net sales								
(1) Sales to customers	2,352,971	1,946,565	34,357	303,239	14,756	4,651,891	-	4,651,891
(2) Intersegment sales or transfers	41,314	29,454	-	125	8,461	79,356	(79,356)	-
Total	2,394,286	1,976,020	34,357	303,365	23,218	4,731,247	(79,356)	4,651,891
Operating income (loss)	163,998	97,346	(9,158)	(7,357)	8,106	252,935	(392)	252,542

Notes: 1. Businesses segments are set with consideration of types of products, characteristics and markets.

2. Main products or services under each segment 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 Macau, markets that are under the control of JT's China Division.)
   - b. International tobacco: Tobacco products
   - c. Pharmaceuticals: Prescription drugs
   - d. Foods: Beverages and processed foods
   - e. Others: Rent of real estate, leasing and others

3. The following tables show the amounts of "Depreciation and amortization" and the ones of "Goodwill amortization" by business segment which are included in operating expenses.

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

(Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
Nine months ended December 31, 2008	60,155	54,837	2,767	5,931	7,997	131,688	(461)	131,227
Nine months ended December 31, 2009	40,312	41,076	2,906	12,307	1,975	98,578	161	98,740

Goodwill amortization

(Millions of yen)

	Domestic tobacco	International tobacco	Pharmaceuticals	Foods	Others	Consolidated total
Nine months ended December 31, 2008	816	71,980	-	7,672	-	80,468
Nine months ended December 31, 2009	816	64,536	-	9,100	-	74,453

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

   (Nine months ended December 31, 2008) ¥879,362 million

   (Nine months ended December 31, 2009) ¥837,868 million

5. With respect to the international tobacco segment, as the closing date of the accounting period of international consolidated subsidiaries is set on December 31, operating results from January 1, 2008 to September 30, 2008 have been included in the nine months ended December 31, 2008 and those from January 1, 2009 to September 30, 2009 have been included in the nine months ended December 31, 2009.

6. Changes in accounting policies

   (Nine months ended December 31, 2008)

   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 a result of this change, the operating income for the international tobacco segment for the nine months ended December 31, 2008 decreased by ¥71,980 million as compared to the case where the previous method was adopted.

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

No items to report.