

CONSOLIDATED FINANCIAL RESULTS
FOR THE NINE MONTHS THAT ENDED DECEMBER 31, 2007

*This document was revised on May 1, 2008, and the revised parts are underlined.



February 7, 2008

Name of the Listed Company: **Japan Tobacco Inc.** (Stock Code: 2914)
 Listed Stock Exchanges: Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo Stock Exchanges
 URL: <http://www.jti.co.jp/>
 Representative: Hiroshi Kimura, President, Chief Executive Officer and Representative Director
 Contact: Masakazu Shimizu, Chief Communications Officer
 Telephone: (81)3-3582-3111

Amounts are rounded down to the nearest 1 million yen.

1. RESULTS FOR THE NINE MONTHS THAT ENDED DECEMBER 31, 2007 (From April 1, 2007 to December 31, 2007)

1). FINANCIAL RESULTS Those figures in "%" show increased/decreased ratio compared with the previous nine-month period that ended December 31, 2006.

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months that ended								
December 31, 2007	4,704,275	29.3	366,769	34.1	<u>327,100</u>	<u>18.5</u>	<u>220,319</u>	<u>13.9</u>
December 31, 2006	3,637,470	2.5	273,459	8.6	276,026	13.3	193,485	18.0
Year that ended March 31, 2007	4,769,387	-	331,991	-	312,044	-	210,772	-

	Net Income per Share	Diluted Net Income per Share
	yen	yen
Nine months that ended		
December 31, 2007	<u>22,997.70</u>	-
December 31, 2006	20,196.69	-
Year that ended March 31, 2007	22,001.10	-

2). FINANCIAL POSITION

	Total Assets	Net Assets	Ratio of Equity Capital	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
Nine months that ended				
December 31, 2007	5,050,134	<u>2,161,113</u>	41.4	<u>218,220.91</u>
December 31, 2006	3,405,521	1,994,823	56.7	201,565.80
Year that ended March 31, 2007	3,364,663	2,024,615	58.3	204,617.68

3). CASH FLOW RESULTS

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents, End of the Periods
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Nine months that ended				
December 31, 2007	207,696	(1,581,192)	420,257	259,943
December 31, 2006	349,869	20,378	(29,400)	1,264,022
Year that ended March 31, 2007	435,958	(149,692)	(32,634)	1,179,522

2. FORECAST FOR BUSINESS RESULTS FOR THE YEAR ENDING MARCH 31, 2008 (From April 1, 2007 to March 31, 2008)

Those figures in "%" show increased/decreased ratio compared with the year that ended March 31, 2007.

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 31, 2008	6,410,000	34.4	422,000	27.1	363,000	16.3

	Net Income		Net Income per Share
	Millions of yen	%	yen
Year ending March 31, 2008	246,000	16.7	25,678.28

3. OTHERS

1). CHANGES IN THE SIGNIFICANT SUBSIDIARIES

(ACCOMPANYING CHANGES IN SCOPE OF THE CONSOLIDATION): Applicable

New Consolidated Companies: 13

The Name of Companies: Gallaher Group Plc, Gallaher Ltd., Austria Tabak GmbH, Gallaher Capital Ltd.,

Gallaher Europe Finance, Harrigan Ltd.,

HABET Handels-Beteiligungsgesellschaft mbH & Co. KG Nahrungs- und Genußmittel

Gallaher AF Luxembourg S.à r.l., Gallaher Luxembourg Overseas Finance S.à r.l.

Gallaher Benelux Ltd., Gallaher Investments Luxembourg S.à r.l.

Gallaher Investment Finance S.à r.l., Gallaher Finance

2). ADOPTION OF SIMPLIFIED ACCOUNTING PROCEDURES: Applicable

JT applies simplified accounting procedures on income taxes and other accounts, based on accounting procedures for semi-annual financial statements.

3). CHANGES IN ACCOUNTING POLICIES: None

Note:

- Forecast for business results for the year ending March 31, 2008, released on October 31, 2007, is revised as of February 7, 2008.
- Revised forecast described above does not incorporate the impact of amortization of goodwill related to the acquisition of Katokichi Co., Ltd. or any impacts that may result from the recall related to the frozen processed foods business.
- Forecast is based on the assumption judged to be reasonable as of the data of issuing this statement and the actual results may substantially differ from the forecast above.

CONSOLIDATED BALANCE SHEETS

Japan Tobacco Inc. and Consolidated Subsidiaries
as of March 31, 2007 and as of December 31, 2007

	<i>Millions of yen</i>		
	<i>as of March 31,</i> <i>2007</i>	<i>as of December 31,</i> <i>2007</i>	<i>Change</i>
(ASSETS)			
CURRENT ASSETS:	1,840,808	1,299,122	(541,685)
Cash and deposits	555,653	211,562	(344,090)
Trade notes and accounts receivable	149,384	354,960	205,576
Marketable securities	578,066	40,539	(537,527)
Inventories	417,276	554,202	136,925
Other current assets	141,966	141,336	(630)
Allowance for doubtful accounts	(1,539)	(3,478)	(1,939)
FIXED ASSETS:	1,523,855	3,751,012	2,227,157
Property, plant and equipment:	600,435	722,208	121,772
Buildings and structures	229,019	263,282	34,263
Machinery, equipment and vehicles	152,900	213,690	60,789
Land	131,817	140,700	8,882
Other	86,698	104,535	17,837
Intangible assets:	542,880	2,725,228	2,182,347
Goodwill	360,681	2,051,819	1,691,137
Trademarks	154,980	634,416	479,435
Other	27,218	38,991	11,773
Investments and other assets:	380,538	303,575	(76,962)
Investment securities	262,616	138,398	(124,217)
Other assets	119,520	166,568	47,048
Allowance for doubtful accounts	(1,230)	(1,163)	66
Allowance for loss on investments	(368)	(227)	140
TOTAL ASSETS	3,364,663	5,050,134	1,685,471

CONSOLIDATED BALANCE SHEETS

Japan Tobacco Inc. and Consolidated Subsidiaries
as of March 31, 2007 and as of December 31, 2007

	<i>Millions of yen</i>		
	<i>as of March 31, 2007</i>	<i>as of December 31, 2007</i>	<i>Change</i>
(LIABILITIES)			
CURRENT LIABILITIES:	813,196	1,588,082	774,886
Trade notes and accounts payable	129,764	158,335	28,570
Short-term bank loans	53,706	422,443	368,737
Current portion of long-term borrowings	10,549	534	(10,015)
National tobacco excise taxes payable	134,573	288,537	153,964
National tobacco special excise taxes payable	21,991	23,578	1,586
Local tobacco excise taxes payable	181,374	193,932	12,557
Other allowances	31,309	22,787	(8,522)
Other current liabilities	249,925	477,933	228,008
NON-CURRENT LIABILITIES:	526,851	1,300,938	774,087
Bonds	150,000	703,622	553,622
Long-term borrowings	5,012	91,144	86,132
Liabilities for retirement benefits	282,377	297,657	15,280
Liabilities for retirement benefits for directors and corporate auditors	1,017	642	(375)
Other non-current liabilities	88,443	<u>207,871</u>	<u>119,427</u>
TOTAL LIABILITIES	1,340,047	2,889,021	1,548,973
(NET ASSETS)			
SHAREHOLDERS' EQUITY:	1,920,159	2,088,088	167,929
Common stock	100,000	100,000	-
Capital surplus	736,400	736,400	-
Retained earnings	1,158,337	<u>1,326,266</u>	<u>167,929</u>
Treasury stock	(74,578)	(74,578)	-
VALUATION AND TRANSLATION ADJUSTMENTS:	40,094	2,485	(37,609)
Net unrealized gains on investment securities	33,329	<u>29,005</u>	<u>(4,323)</u>
Net deferred gains on hedging instruments	14,580	493	(14,086)
Pension liability adjustment of foreign consolidated subsidiaries	(15,560)	(15,079)	480
Foreign currency translation adjustments	7,745	<u>(11,934)</u>	<u>(19,679)</u>
MINORITY INTERESTS	64,362	70,539	6,177
TOTAL NET ASSETS	2,024,615	2,161,113	136,497
TOTAL LIABILITIES AND NET ASSETS	3,364,663	5,050,134	1,685,471

CONSOLIDATED STATEMENTS OF INCOME

Japan Tobacco Inc. and Consolidated Subsidiaries

For the nine months that ended December 31, 2006 and 2007 and for the year that ended March 31, 2007

	For the nine months that ended		Change	Millions of yen For the year that ended
	December 31, 2006	December 31, 2007		March 31, 2007
NET SALES	3,637,470	4,704,275	1,066,805	4,769,387
COST OF SALES	2,930,596	3,821,389	890,792	3,844,768
GROSS PROFIT	706,873	882,886	176,013	924,619
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	433,413	516,116	82,703	592,628
OPERATING INCOME	273,459	366,769	93,310	331,991
NON-OPERATING INCOME:	17,425	19,040	1,615	16,033
Interest income	6,808	10,314	3,506	10,384
Dividend income	1,497	1,878	380	1,718
Foreign exchange gain	5,730	-	(5,730)	-
Other	3,388	6,847	3,458	3,930
NON-OPERATING EXPENSES:	14,858	58,709	43,851	35,980
Interest expense	4,793	29,976	25,183	6,939
Foreign exchange loss	-	16,306	16,306	14,464
Financial support for domestic leaf tobacco growers	3,530	2,008	(1,521)	3,504
Periodic mutual assistance association cost	2,034	1,749	(285)	2,713
Other	4,499	8,667	4,168	8,357
ORDINARY INCOME	276,026	327,100	51,073	312,044
EXTRAORDINARY GAINS:	41,048	39,346	(1,702)	50,854
Gain on sales of property, plant and equipment	38,827	38,497	(330)	47,506
Other	2,221	849	(1,371)	3,348
EXTRAORDINARY LOSSES:	13,241	23,841	10,599	25,703
Loss on sale of property, plant and equipment	2,923	2,345	(578)	3,151
Loss on disposal of property, plant and equipment	4,310	4,271	(38)	10,402
Impairment loss	1,306	2,204	897	2,712
Write-down of investment securities	-	6,935	6,935	-
Introduction costs for vending machines with adult identification functions	1,693	6,734	5,041	5,746
Other	3,008	1,349	(1,658)	3,690
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	303,833	342,605	38,771	337,195
INCOME TAXES-CURRENT	106,533	116,832	10,298	84,480
INCOME TAXES-DEFERRED	-	-	-	36,923
MINORITY INTERESTS	3,813	5,452	1,638	5,018
NET INCOME	193,485	220,319	26,833	210,772

CONSOLIDATED STATEMENTS OF CASH FLOWS

Japan Tobacco Inc. and Consolidated Subsidiaries

For the nine months that ended December 31, 2006 and 2007 and for the year that ended March 31, 2007

	For the nine months		Change	Millions of yen
	that ended December 31, 2006	that ended December 31, 2007		For the year that ended March 31, 2007
OPERATING ACTIVITIES:				
Income before income taxes and minority interests	303,833	342,605	38,771	337,195
Depreciation and amortization	95,595	118,165	22,569	130,105
Impairment loss	1,306	2,204	897	2,712
Net gain on sale and disposal of property, plant and equipment	(33,036)	(34,690)	(1,654)	(39,284)
Amortization of goodwill	2,053	1,296	(756)	2,537
Write-down of investment securities	-	6,935	6,935	-
Decrease in liabilities for retirement benefits	(9,489)	(8,385)	1,103	(21,163)
Interest income and dividend income	(8,305)	(12,193)	(3,887)	(12,103)
Interest expense	4,793	29,976	25,183	6,939
Increase in trade notes and accounts receivable	(40,247)	(26,669)	13,577	(9,476)
(Increase) decrease in inventories	(26,635)	17,306	43,941	(6,171)
Increase (decrease) in trade notes and accounts payable	4,119	(1,979)	(6,098)	(12,877)
Decrease in other payable	(30,712)	(42,850)	(12,138)	(22,087)
Increase (decrease) in tobacco excise taxes payable	191,392	(7,722)	(199,115)	160,020
Other, net	(54,930)	(49,076)	5,853	(28,781)
Sub-total	399,736	334,921	(64,814)	487,566
Interest and dividend received	8,445	16,560	8,115	12,071
Interest paid	(4,921)	(31,808)	(26,887)	(6,493)
Income taxes paid	(53,392)	(111,977)	(58,585)	(57,185)
Net cash provided by operating activities	349,869	207,696	(142,172)	435,958
INVESTING ACTIVITIES:				
Purchases of marketable securities	(330,492)	(20,516)	309,975	(330,715)
Proceeds from sale and redemption of marketable securities	381,269	3,721	(377,547)	386,189
Purchase of property, plant and equipment	(69,084)	(82,727)	(13,643)	(96,717)
Proceeds from sale of property, plant and equipment	46,778	44,492	(2,286)	57,093
Purchase of intangible assets	(6,276)	(4,773)	1,503	(7,927)
Purchase of investment securities	(1,601)	(3,711)	(2,110)	(158,385)
Purchase of shares of newly consolidated subsidiaries, net of cash acquired	(4,049)	(1,520,967)	(1,516,917)	(4,085)
Proceeds from sale of shares of former consolidated subsidiaries, net of cash held	(387)	-	387	(387)
Other, net	4,222	3,290	(932)	5,243
Net cash (used in) provided by investing activities	20,378	(1,581,192)	(1,601,571)	(149,692)
FINANCING ACTIVITIES:				
Net increase in short-term bank loans	11,663	327,419	315,755	18,571
Proceeds from long-term borrowings	-	80,000	80,000	-
Repayment of long-term borrowings	(10,271)	(91,212)	(80,941)	(19,840)
Proceeds from issue of bonds	-	149,723	149,723	-
Proceeds from minority shareholders	4,927	-	(4,927)	4,927
Dividends paid	(34,488)	(42,152)	(7,664)	(34,488)
Dividends paid to minority shareholders	(1,004)	(2,626)	(1,621)	(1,474)
Other, net	(227)	(893)	(666)	(330)
Net cash provided by (used in) financing activities	(29,400)	420,257	449,658	(32,634)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
	3,033	33,659	30,625	5,749
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	343,880	(919,578)	(1,263,459)	259,380
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD				
	920,141	1,179,522	259,380	920,141
CASH AND CASH EQUIVALENTS, END OF PERIOD				
	1,264,022	259,943	(1,004,078)	1,179,522

SEGMENT INFORMATION

INDUSTRY SEGMENT

(For the nine months that ended December 31, 2006)

Millions of yen

	Domestic Tobacco	International Tobacco	Pharmaceuticals	Foods	Others	Total	Elimination/Corporate	Consolidated
Sales								
(1) Sales to customers	2,624,929	742,445	36,061	218,501	15,532	3,637,470	-	3,637,470
(2) Intersegment sales	31,852	17,863	-	91	17,120	66,927	(66,927)	-
Total	2,656,781	760,308	36,061	218,592	32,653	3,704,397	(66,927)	3,637,470
Operating expenses	2,459,992	689,404	43,448	211,936	25,882	3,430,665	(66,654)	3,364,010
Operating income (loss)	196,788	70,904	(7,387)	6,656	6,770	273,732	(272)	273,459

(For the nine months that ended December 31, 2007)

Millions of yen

	Domestic Tobacco	International Tobacco	Pharmaceuticals	Foods	Others	Total	Elimination/Corporate	Consolidated
Sales								
(1) Sales to customers	2,594,819	1,825,350	39,773	227,741	16,591	4,704,275	-	4,704,275
(2) Intersegment sales	36,400	27,484	-	96	18,542	82,523	(82,523)	-
Total	2,631,220	1,852,834	39,773	227,837	35,133	4,786,799	(82,523)	4,704,275
Operating expenses	2,449,047	1,678,768	44,156	222,173	26,280	4,420,427	(82,921)	4,337,506
Operating income (loss)	182,172	174,066	(4,383)	5,664	8,852	366,371	397	366,769

(For the year that ended March 31, 2007)

Millions of yen

	Domestic Tobacco	International Tobacco	Pharmaceuticals	Foods	Others	Total	Elimination/Corporate	Consolidated
Sales								
(1) Sales to customers	3,416,273	999,658	45,452	286,554	21,448	4,769,387	-	4,769,387
(2) Intersegment sales	45,005	26,354	-	109	25,876	97,346	(97,346)	-
Total	3,461,278	1,026,013	45,452	286,663	47,325	4,866,733	(97,346)	4,769,387
Operating expenses	3,215,891	944,928	56,659	279,958	37,993	4,535,430	(98,034)	4,437,396
Operating income (loss)	245,387	81,085	(11,206)	6,704	9,331	331,302	688	331,991

NOTE:

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:

- | | |
|--------------------------|---|
| 1) Domestic Tobacco | Tobacco products* |
| | *These include tobacco products sold at duty-free shops in Japan, as well as at markets in China, Hong Kong and Macao, which are covered by the China Division. |
| 2) International Tobacco | Tobacco products |
| 3) Pharmaceuticals | Prescription drugs |
| 4) Foods | Beverages and processed foods |
| 5) Others | Rent of real estate, leasing, engineering and others |

3. The following table shows depreciation and amortization and goodwill amortization amounts by industry segment which are included in operating expenses for the nine months that ended December 31, 2006 and 2007 and for the year that ended March 31, 2007.

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/Corporate	Consolidated
For the nine months that ended December 31, 2006	58,955	22,861	2,214	2,866	9,130	96,028	(433)	95,595
For the nine months that ended December 31, 2007	61,684	43,096	2,433	2,955	8,715	118,884	(719)	118,165
For the year that ended March 31, 2007	79,964	31,583	3,009	3,893	12,254	130,705	(600)	130,105

Goodwill amortization

Millions of yen

	Domestic Tobacco	International Tobacco	Pharmaceuticals	Foods	Others	Consolidated
For the nine months that ended December 31, 2006	845	-	-	1,207	-	2,053
For the nine months that ended December 31, 2007	816	-	-	480	-	1,296
For the year that ended March 31, 2007	1,117	-	-	1,419	-	2,537

4. The domestic tobacco segment includes the sales by TS Network Co., Ltd., JT's subsidiary. TS Network Co., Ltd. distributes the tobacco products and conducts wholesale etc. of imported tobacco products.

The following table shows net sales of imported tobacco products via TS Network Co., Ltd. for the nine months that ended December 31, 2006 and 2007 and for the year that ended March 31, 2007.

Millions of yen

For the nine months that ended December 31, 2006	933,332
For the nine months that ended December 31, 2007	921,296
For the year that ended March 31, 2007	1,216,248

5. With respect to international tobacco business, as the closing date of the accounting period of foreign consolidated subsidiaries is set on December 31, operating results from January 1, 2007 to September 30, 2007 are reported as the results for the nine months that ended December 31, 2007.

The business of Gallaher which JT acquired on April 18, 2007 is included in international tobacco business.

As the closing date of the accounting period of Gallaher is set on December 31, operating results from April 18, 2007 to September 30, 2007 are reported as the results for the nine months that ended December 31, 2007.