

August 9, 2007

**CONSOLIDATED FINANCIAL RESULTS
FOR THE THREE MONTHS THAT ENDED JUNE 30, 2007**

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

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
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1. RESULTS FOR THE THREE MONTHS THAT ENDED JUNE 30, 2007 (April 1, 2007 to June 30, 2007)

1). FINANCIAL RESULTS

Amounts are rounded down to the nearest 1 million yen.

	Net Sales		Operating Income		Ordinary Income		Net Income	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
Three months that ended								
June 30, 2007	1,219,784	(5.4)	93,337	(8.6)	<u>90,950</u>	<u>(12.1)</u>	<u>63,099</u>	<u>(17.2)</u>
June 30, 2006	1,289,585	12.0	102,071	19.3	103,500	22.7	76,248	60.4
Year that ended March 31, 2007	4,769,387	-	331,991	-	312,044	-	210,772	-

	Net Income per Share	Diluted Net Income per Share
	<i>yen</i>	<i>yen</i>
Three months that ended		
June 30, 2007	<u>6,586.49</u>	-
June 30, 2006	7,959.02	-
Year that ended March 31, 2007	22,001.10	-

Note: The Statements of Income does not include business results in Gallaher, whose acquisition was completed on April 18, 2007, as the results of the international tobacco business from January to March 2007 are consolidated in this three months' results.

2). FINANCIAL POSITION

	Total Assets	Net Assets	Ratio of Equity Capital	Net Assets per Share
	<i>Millions of yen</i>	<i>Millions of yen</i>	%	<i>yen</i>
Three months that ended				
June 30, 2007	<u>4,213,664</u>	<u>2,156,196</u>	49.6	<u>218,200.95</u>
June 30, 2006	3,190,190	1,876,065	57.0	189,743.72
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
	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>
Three months that ended				
June 30, 2007	11,566	(1,707,167)	727,349	246,589
June 30, 2006	105,184	15,941	(10,550)	1,030,609
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 (April 1, 2007 to March 31, 2008)

	Net Sales		Operating Income		Ordinary Income	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
Year ending						
March 31, 2008	6,410,000	34.4	419,000	26.2	382,000	22.4

	Net Income	Net Income per Share
	<i>Millions of yen</i>	<i>yen</i>
Year ending		
March 31, 2008	256,000	21.5
		26,722.12

Note:

- Forecast for business results for the year ending March 31, 2008, released on April 27, 2007, is revised as of August 9, 2007.
- Revised forecast described above does not reflect the impact of amortization of trademarks and others, related to the acquisition of Gallaher. The forecast will be revised once the purchase-price-allocation is finalized.
- 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.
- Forecast for the interim results is not issued.

3. MATTERS RELATING TO THE PREPARATION OF QUARTERLY FINANCIAL INFORMATION

1). **CHANGES IN THE SIGNIFICANT SUBSIDIARIES (ACCOMPANYING CHANGES IN SCOPE OF THE CONSOLIDATION):** None

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

CONSOLIDATED BALANCE SHEETS

Japan Tobacco Inc. and Consolidated Subsidiaries
as of March 31, 2007 and as of June 30, 2007

(ASSETS)	<i>Millions of yen</i>		<i>Change</i>
	<i>as of March 31, 2007</i>	<i>as of June 30, 2007</i>	
	JPY	JPY	JPY
CURRENT ASSETS:	1,840,808	930,216	(910,591)
Cash and deposits	555,653	167,089	(388,563)
Trade notes and accounts receivable	149,384	166,524	17,139
Marketable securities	578,066	35,933	(542,132)
Inventories	417,276	403,862	(13,414)
Other current assets	141,966	158,363	16,396
Allowance for doubtful accounts	(1,539)	(1,555)	(16)
FIXED ASSETS:	1,523,855	<u>3,283,447</u>	<u>1,759,592</u>
Property, plant and equipment:	600,435	601,657	1,221
Buildings and structures	229,019	227,042	(1,976)
Machinery, equipment and vehicles	152,900	151,486	(1,413)
Land	131,817	130,687	(1,130)
Other	86,698	92,440	5,742
Intangible Assets:	542,880	530,007	(12,872)
Goodwill	360,681	357,350	(3,331)
Trademarks	154,980	145,055	(9,925)
Other	27,218	27,601	383
Investments and other assets:	380,538	<u>2,151,782</u>	<u>1,771,244</u>
Investment securities and other assets	260,210	<u>105,821</u>	<u>(154,389)</u>
Investment in unconsolidated subsidiaries and associated companies	2,405	1,927,608	1,925,203
Other investment securities and other assets	119,520	119,867	347
Allowance for doubtful accounts	(1,230)	(1,192)	38
Allowance for loss on investments	(368)	(323)	44
TOTAL ASSETS	3,364,663	<u>4,213,664</u>	<u>849,001</u>

CONSOLIDATED BALANCE SHEETS

Japan Tobacco Inc. and Consolidated Subsidiaries
as of March 31, 2007 and as of June 30, 2007

(LIABILITIES)	<i>Millions of yen</i>		
	<i>as of March 31, 2007</i>	<i>as of June 30, 2007</i>	<i>Change</i>
	JPY	JPY	JPY
CURRENT LIABILITIES:	813,196	1,362,694	549,497
Trade notes and accounts payable	129,764	130,561	796
Short-term bank loans	53,706	644,689	590,983
Current portion of long-term borrowings	10,549	10,481	(68)
National tobacco excise taxes payable	134,573	144,372	9,799
National tobacco special excise taxes payable	21,991	23,349	1,358
Local tobacco excise taxes payable	181,374	192,756	11,381
Other allowances	31,309	15,761	(15,548)
Other current liabilities	249,925	200,721	(49,203)
NON-CURRENT LIABILITIES:	526,851	694,774	167,923
Bonds	150,000	150,000	-
Long-term borrowings	5,012	177,836	172,823
Liabilities for retirement benefits	282,377	282,040	(336)
Liabilities for retirement benefits for directors and corporate auditors	1,017	602	(414)
Other non-current liabilities	88,443	<u>84,294</u>	<u>(4,149)</u>
TOTAL LIABILITIES	1,340,047	<u>2,057,468</u>	<u>717,420</u>
(NET ASSETS)			
SHAREHOLDERS' EQUITY:	1,920,159	<u>1,962,182</u>	<u>42,022</u>
Common stock	100,000	100,000	-
Capital surplus	736,400	736,400	-
Retained earnings	1,158,337	<u>1,200,360</u>	<u>42,022</u>
Treasury stock	(74,578)	(74,578)	-
VALUATION AND TRANSLATION ADJUSTMENTS:	40,094	<u>128,200</u>	<u>88,105</u>
Net unrealized gains on investment securities	33,329	<u>35,454</u>	<u>2,125</u>
Net deferred gains on hedging instruments	14,580	688	(13,891)
Pension liability adjustment of foreign consolidated subsidiaries	(15,560)	(15,421)	138
Foreign currency translation adjustments	7,745	<u>107,478</u>	<u>99,733</u>
MINORITY INTERESTS	64,362	65,813	1,451
TOTAL NET ASSETS	2,024,615	<u>2,156,196</u>	<u>131,580</u>
TOTAL LIABILITIES AND NET ASSETS	3,364,663	<u>4,213,664</u>	<u>849,001</u>

CONSOLIDATED STATEMENTS OF INCOME

Japan Tobacco Inc. and Consolidated Subsidiaries

For the three months that ended June 30, 2006 and 2007 and for the year that ended March 31, 2007

	For the three months that ended		Change	Millions of yen
	June 30, 2006	June 30, 2007		For the year that ended March 31, 2007
	JPY	JPY		JPY
NET SALES	1,289,585	1,219,784	(69,801)	4,769,387
COST OF SALES	1,049,259	981,004	(68,254)	3,844,768
GROSS PROFIT	240,326	238,779	(1,546)	924,619
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	138,255	145,441	7,186	592,628
OPERATING INCOME	102,071	93,337	(8,733)	331,991
NON-OPERATING INCOME:	5,243	6,699	1,456	16,033
Interest income	1,653	3,763	2,110	10,384
Dividend income	1,062	1,328	265	1,718
Foreign exchange gain, net	1,434	-	(1,434)	-
Other	1,092	1,608	515	3,930
NON-OPERATING EXPENSES:	3,814	9,086	5,272	35,980
Interest expense	1,362	2,583	1,220	6,939
Foreign exchange loss, net	-	3,187	3,187	14,464
Periodic mutual assistance association cost	678	583	(95)	2,713
Other	1,773	2,733	959	11,862
ORDINARY INCOME	103,500	90,950	(12,549)	312,044
EXTRAORDINARY GAINS:	26,440	10,366	(16,073)	50,854
Gain on sales of property, plant and equipment	26,248	9,999	(16,248)	47,506
Other	191	367	175	3,348
EXTRAORDINARY LOSSES:	3,592	1,661	(1,931)	25,703
Loss on sale of property, plant and equipment	559	528	(30)	3,151
Loss on disposal of property, plant and equipment	1,942	694	(1,247)	10,402
Loss on impairment of property, plant and equipment	748	-	(748)	2,712
Introduction costs for vending machines with adult identification functions	-	292	292	5,746
Other	342	145	(197)	3,690
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	126,347	99,656	(26,691)	337,195
INCOME TAXES-CURRENT	48,275	34,836	(13,439)	84,480
INCOME TAXES-DEFERRED	-	-	-	36,923
MINORITY INTERESTS	1,823	1,720	(103)	5,018
NET INCOME	76,248	63,099	(13,148)	210,772

CONSOLIDATED STATEMENTS OF CASH FLOWS

Japan Tobacco Inc. and Consolidated Subsidiaries

For the three months that ended June 30, 2006 and 2007 and for the year that ended March 31, 2007

	For the three months		Change	Millions of yen
	ended			For the year
	June 30, 2006	June 30, 2007		ended March 31, 2007
	JPY	JPY	JPY	JPY
OPERATING ACTIVITIES:				
Income before income taxes and minority interests	126,347	99,656	(26,691)	337,195
Depreciation and amortization	31,176	32,874	1,697	130,105
Impairment loss	748	-	(748)	2,712
Net gain on sale and disposal of property, plant and equipment	(24,051)	(8,983)	15,067	(39,284)
Amortization of goodwill	889	388	(500)	2,537
Decrease in liabilities for retirement benefits	(8,067)	(912)	7,154	(21,163)
Interest income and dividend income	(2,715)	(5,091)	(2,375)	(12,103)
Interest expense	1,362	2,583	1,220	6,939
Increase in trade notes and accounts receivable	(38,761)	(17,077)	21,683	(9,476)
(Increase) decrease in inventories	(9,005)	12,931	21,936	(6,171)
Increase (decrease) in trade notes and accounts payable	37,890	512	(37,377)	(12,877)
Decrease in other payable	(14,608)	(29,973)	(15,365)	(22,087)
Increase in tobacco excise taxes payable	85,490	22,747	(62,742)	160,020
Other-net	(55,062)	(47,635)	7,426	(28,781)
Sub-total	131,632	63,550	(68,082)	487,566
Interest and dividend received	2,747	5,147	2,399	12,071
Interest paid	(1,763)	(2,902)	(1,138)	(6,493)
Income taxes paid	(27,432)	(54,228)	(26,795)	(57,185)
Net cash provided by operating activities	105,184	11,566	(93,617)	435,958
INVESTING ACTIVITIES:				
Purchases of marketable securities	(15,525)	(275)	15,250	(330,715)
Proceeds from sale and redemption of marketable securities	29,791	3,696	(26,094)	386,189
Purchases of property, plant and equipment	(24,591)	(25,441)	(849)	(96,717)
Proceeds from sale of property, plant and equipment	28,717	12,186	(16,530)	57,093
Purchases of intangible assets	(3,523)	(2,101)	1,421	(7,927)
Purchases of investment securities	(5)	(3,203)	(3,198)	(158,385)
Purchase of shares of unconsolidated subsidiaries and underwriting of capital increase	-	(1,682,930)	(1,682,930)	-
Increase (decrease) in short-term loan receivable	(10)	(11,436)	(11,425)	262
Other-net	1,089	2,337	1,247	508
Net cash provided by (used in) investing activities	15,941	(1,707,167)	(1,723,109)	(149,692)
FINANCING ACTIVITIES:				
Net increase in short-term bank loans	7,200	583,135	575,934	18,571
Proceeds from long-term borrowings	-	165,799	165,799	-
Dividends paid	(17,244)	(21,076)	(3,832)	(34,488)
Dividends paid to minority shareholders	(293)	(322)	(29)	(1,474)
Other-net	(214)	(187)	27	(15,243)
Net cash provided by (used in) financing activities	(10,550)	727,349	737,900	(32,634)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
	(107)	35,318	35,426	5,749
NET INCREASE IN CASH AND CASH EQUIVALENTS	110,467	(932,932)	(1,043,400)	259,380
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	920,141	1,179,522	259,380	920,141
CASH AND CASH EQUIVALENTS, END OF PERIOD	1,030,609	246,589	(784,020)	1,179,522

SEGMENT INFORMATION

INDUSTRY SEGMENT

(For the three months that ended June 30, 2006)

Millions of yen

	Domestic Tobacco	International Tobacco	Pharmaceuticals	Foods	Others	Total	Elimination/Corporate	Consolidated
Sales								
(1) Sales to customers	985,276	217,566	11,799	70,283	4,660	1,289,585	-	1,289,585
(2) Intersegment sales	11,703	5,439	-	41	5,727	22,911	(22,911)	-
Total	996,979	223,005	11,799	70,325	10,387	1,312,497	(22,911)	1,289,585
Operating expenses	915,411	204,478	13,816	68,413	8,447	1,210,567	(23,052)	1,187,514
Operating income (loss)	81,567	18,527	(2,016)	1,911	1,940	101,930	140	102,071

(For the three months that ended June 30, 2007)

Millions of yen

	Domestic Tobacco	International Tobacco	Pharmaceuticals	Foods	Others	Total	Elimination/Corporate	Consolidated
Sales								
(1) Sales to customers	856,781	272,536	11,229	73,930	5,306	1,219,784	-	1,219,784
(2) Intersegment sales	12,412	7,295	-	35	6,407	26,149	(26,149)	-
Total	869,193	279,831	11,229	73,965	11,713	1,245,933	(26,149)	1,219,784
Operating expenses	806,778	250,363	14,150	72,566	8,539	1,152,399	(25,953)	1,126,446
Operating income (loss)	62,415	29,467	(2,921)	1,398	3,173	93,534	(196)	93,337

(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 three months that ended June 30, 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 three months ended June 30, 2006	19,191	7,448	722	1,005	2,975	31,343	(167)	31,176
For the three months ended June 30, 2007	19,944	8,444	767	999	2,948	33,104	(230)	32,874
For the year 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 three months ended June 30, 2006	272	-	-	617	-	889
For the three months ended June 30, 2007	272	-	-	116	-	388
For the year 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 three months that ended June 30, 2006 and 2007 and for the year that ended March 31, 2007.

Millions of yen

For the three months ended June 30, 2006	345,851
For the three months ended June 30, 2007	303,785
For the year ended March 31, 2007	1,216,248

5. With respect to international tobacco business, the results for the period from January 2007 to March 2007 are reported as the results for the three months that ended June 30, 2007. International consolidated subsidiaries, with the core operation by JT International S.A., set the settlement date of December 31 for the fiscal year.